CERTIFICATION

This Project report: entitled "HIGHER EDUCATION FINANCING IN NIGERIA: THE CASE STUDY OF AHMADU BELLO UNIVERSITY, ZARIA" by IBRAHIM MOHAMMED IDRIS, meets the regulation governing the award of the degree of Master of Business Administration of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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HIGHER EDUCATION FINANCING IN NIGERIA: THE CASE OF AHMADU BELLO UNIVERSITY ZARIA

i

BY

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SUBMITTED TO THE POSTGRADUATE SCHOOL, AHMADU BELLO UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
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ZARIA

MAY, 1993

DEDICATION

This work is dedicated to my late daughter, SAMIRA

(October 1979 - November 1980).

DECLARATION

I hereby declare that this is an origibal work and a product of my research findings and that it has not been submitted elsewhere for the award of any degree.

All references are dully acknowledged in the footnotes at the end of each chapter and bibliography.

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ABSTRACT

In a recent study by Dr. Pius Okigbo it was revealed that in 1979 a university student cost the public purse some 80,869. Indeed a1location to one student rose to 87,676 in 1980 in nominal terms. Last year (1990) it had fluctuated to 84,452. In real terms, however, the allocation was only 8536. By the same study each student is supposed to cost the public purse about 848,482 i.e. to cater for his feeding, medicare and books.

In the past ten or so years there have been complains that the level of education financing by Government in general and that of university education in particular is far from adequate. This situation according to many is partly responsible for the falling standard of education in Nigeria.

This research looks at the problems of financing university education in Nigeria with a view to identifying the areas that need to be addressed and offer possible solutions. The Ahmad*u* Bello University is used as a case study. The financial operations of the University are examined for the period from its inception in 1962 to 1992 with a view to establishing whether or not it has been funded adequately.

Except for the two Universities at Ibadan and Lagos all the other four First Generation Universities were established owned and funded by the former Regions. The other two were owned and funded by the Government of the Federation. This situation continued from 1962 until 1975 when the Federal Government of General Hurtala Mohammed took over the other four Regional Universities. Between 1975 and 1992 not only did the Federal Government took full responsibility of these Universities but the Country witnessed an unprecedented plorifiration of Universities from six to thirty two.

Twenty of them are Federal while nine are states owned. This means there are more Universities than the thirty states in the Country.

The case of Ahmadu Bello University is examined in detail in chapter three. In this chapter, the University's sources of finance are looked into vis-a-vis Government Grants and Internal Revenue. Grants from the Northern Regional Government and later Interim Common Services Agency (ICSA) from University's establishment to 1975 and Grants from the Federal Government from 1975 to 1980 are considered. The University went from full funding during the period 1962 - 1975 to as low as *48%* of its requirement in 1979.

The research also focust attention *on* the efforts made by the University towards generating Internal Revenue to supplement its fast dwindling Government Grants. Revenue generating ventures were established by the University towards this objective.

The financial operations of these companies are examined with a view to ascertain their performances in terms of profitability and financial contributions to the University.

A complete financial analysis is made for the University for a ten years period (1983 - 1992) in chapter four. This covers both Government Grants and Internal Revenue. Although the University was found to have been able to generate the minimum 10% of its recurrent expenditure internally, government grant fell short of the expected 90%. Indeed, in 1991 the grants recorded the lowest ever at 58% of the recurrent expend!ture.

Although the University efforts towards internal revenue generation continue to yield results, the quantum of its financial needs outgrows the internal revenue level.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Exodus, the movement of lecturers away from Universities is just like any other plague affecting campuses. There are no chalks and students have had to contribute money both to buy dusters and send tutors on excursions and conferences. Then too, some students as well as some tutors who choose to stay have acquired very dangerous habits. Can the Universities be saved?[1] Education has been a key element of development strategy the world over. The high rate of economic development achieved by the newly industrialised countries of South-East Asia notably , Korea, Taiwan, Singapore, Indonesia and Malasia could be traced to the policy of sustained high level investment in the education sector pursued in these countries.

The importance of education was given more recognition in Nigeria during the colonial days. Originally, the aim of educating people in Nigeria was for the fulfilment of the ultimate purpose of the colonial government as was spelt out in the Memorandum of Education Policy in Nigeria:-

> It may be taken as exiomatic that education policy must aim at assisting the fulfilment of the ultimate

purpose of the Imperial Government. The general policy of the latter is the administration of Colonial Dependicies with the object of guiding and helping people, not yet able to stand by themselves to achieve self-government. Education, therefore, must be understood to conot not merely the training of intelligence or the acquisition of the means of livelihood but also the raising of the general level of the life of the whole people and the provision of adequate facilities for their development, physical, economic, intellectual and spiritual.[2]

At the early stage of western education in Nigeria, voluntary agencies were responsible for running educational institutions. As the importance of education was being recognised by the colonial masters more attention was accorded by the Colonial Goverment. Local Education Authorities took charge of providing education for both public and private schools. The educational system gradually took a pyramidal shape with the primary schools forming the broad base, secondary school at the middle and higher education institutions at the top, notably Universities. However, colleges of education and polytechnics are also considered as part of the higher education institutions with specialised training facilities for teachers and technicians respectively as middle management resource.

Higher education in Nigeria took off only in 1948 with the establishment of the University College, Ibadan by the Colonial Government. The College was part of the University of London. This situation continued despite the rapid expansion and near mass production of primary and secondary schools for over ten years. Preasure on higher education acquisition became more and therefore, in 1959, just before the attainment of independence, the Ashby Commission was set-up. This Commission headed by Sir Eric Ashby and called the "Commission on Post-School Certificate and Higher Edcuation in Nigeria" was to look into the Nigerian post-school certificate and higher education for the next twenty years and make appropriate recommendations to the Government.

The report of this Commission, popularly referred to as the Ashby Report resulted in the establishment of what have come to be known as the fisrt generation Universities. The Ashby Report recommended that there should be at least 2,000 graduates a year from Nigerian Universities if the Country's high level manpower needs were to be met and the students population should reach 7,500 by 1970. At least one University should be established in each region.

The University College Ibadan was converted into a full pledged University along with Ahmadu Bello University in Zaria, University of Ife, now Obafemi Awolowo University at Ile-Ife, University of Lagos in Lagos and University of Nigeria at Nsuka in early 1960s.

The University of Benin was established in 1970. These have come to be known as the first generation Universities and were taken over by the Federal Government in 1975.

As preasure continued to be exerted for higher education due to expansion in primary and secondary schools the need to establish more Universities became obvious. This situation was more apparent for the Eastern and Northern parts of the Country where only University of Nigeria and Ahmadu Bello University were available respectively. Accordingly, the Federal Military Government of Late General Murtala Mohammed established seven more Federal Universities, two in the Eastern part and five in the Northern part of the Country. These are the Bayero University, Kano, the Universities of Calabar, Ilorin, Jos, Maiduguri, Port-Harcourt and Sokoto (now Usman Danfodio University).

The second republic period of 1979-1983 marked yet another giant step in the development of University education in Nigeria but with a difference in emphasis. Attention was now focust on technological education at the University level and hence in the 1981-1985 National Development Plan, more Universities were to be established which would be "devoted to teaching and research in science and technology to provide a base for the technological and industrial take off of the Country's economic programmes"[3]. This calminated in the establishment of seven Federal Universities of

Technology at Bauchi, Makurdi and Owerri in 1980, Akure and Yola in 1981, Abeokuta and Minna in 1982 and the Open University at Abuja also in 1982. The idea was to ensure the establishment of a University in each State of the Federation. During the same period however, some States established their own state controlled Universities.

Some of the Federal Universities of Technology were merged with some older conventional Universities by the General Muhammadu Buhari's administration in 1984 and the Open University at Abuja was suspended then. However, the succeeding Military administration of General Ibrahim Babangida demerged them and made them autonomous Universities with those at Abeokuta and Makurdi converted to University of Agriculture while the open University at Abuja was recalled to commence operation. Two state Universities at Uyo and Enugu were taken over by the Federal Military Government in 1991 and 1992 respectively.

Thus, within a period of thirty two years (1960 - 1992), the Country withnessed the multiplication of Universities. Federally owned Universities stand at twenty three at date. This development has no doubt placed enormous financial responsibilities on the Government. The need to provide University education to as many people as are qualified cannot be over emphasized, but equally important is the need to adequately fund the venture.

By 1975 the Federal Government was the sole financier of University education but with the establishment of state owned Universities part of the responsibility was being shouldered by the states. Further, for some time and until 1984 some privately owned Universities were operating. But in 1984 all privately owned Universities were abolished.

By and large, the Country has been caught up by the need to expand university education with its attendant financial implications. The general feeling is that the existing Universities are not adequately funded to produce the high level manpower needed, yet new Universities were being established. It may therefore be better, according to some people, that instead of establishing new Universities, the existing ones should be funded at a much higher level than is the case.

1.2 The Problem

With the oil boom and associated petro-dollars the Federal Government embarked on massive expenditure in all sectors of the economy. This led to the take over of all Universities by the Government in 1975. The oil revenue began to decline but the expansion of University education, both in terms of number of Universities and student intakes continued to expand. So with less money (in real terms) allocated to Universities and more pressure to expand programmes and facilities, the Nigerian Universities began to witness acute funding problems.

The first generation Universities were built with huge municipal service content which means huge maintenance cost factors. But even then, the facilities have been severely over-stretched for the population they have had to cope with without improvement in the quality of such facilities. According to the Report of the Commission on the Review of Higher Education in Nigeria: "By the 1984/85 session, the first six Universities including Benin had a combined enrolment of 75,312 students without substantial improvement in the infrastructure and maintenance. There have not been substantial additions to the original level of facilities since the Federal Government took over the institutions in 1975"[4].

A further problem in the funding of University education is the effect of inflation on the Nigerian economy. The introduction of Structural Adjustment Programme in September 1986 has devalued the Naira to about one quarter in 1986 and a 20th in 1992 compared to its value in 1985. This resulted in further deflating the resources available to the Universities which ironically they require to purchase, often through importation, the much needed books, journals, equipment and related teaching and research materials.

Budgetary allocation to education in Nigeria had been reported to be about" ...3 percent of GNP in contrast to 6% in the more developed countries... and recurrent budget allocated to education in Nigeria has

never exceeded 10 percent, whereas in Latin America and Asia comparable figures were 20 and 30 per cent respectively in 1980".[5]

Although most Universities the world over have been facing a lot of funding problems, especially with the current world economic recession, the above peculiarities of the Nigerian Universities have compounded the funding problems for Nigerian Universities. In the U.K. there has been reduction in the level of Government funding of Universities since 1980's but most Universities there have developed various sources of generating funds to supplement what the Government provides. In Nigeria there have been attempts by some Universities to look elsewhere for supplementary funding without much success.

Government had set up various Commissions to look into the problem of funding higher education. The most recent of such commissions is the one headed by Chief G.A.E. Longe whose report was submitted in 1991 and is currently being implemented by a National Implementation Committee under Professor O.O. Akinkugbe.

The problem of inadequate funding of Universities has defied many profered solutions over the years. It has resulted into many student unrests and staff strikes. By mid 1992 Federal Government had to enter negotiations with representatives of academic staff of Universities on a number of issues affecting University education, top most of which is funding. Nigerian

Universities have witnessed the longest closures due to staff strikes and student unrest during 1991/92 academic year. A more concrete solution to this cronic funding problem for Universities has to be sought.

1.3 Objectives of the Study

Many studies have been carried out on the financial problems of Nigerian Universities. A number Commissions have undertaken investigations on the same subject area. All have provided possible solutions yet the problems persist.

The objective of this study is to investigate further into the problem of inadequate funding of Nigerian Universities with particular reference to Ahmadu Bello University with a view to providing possible realistic solution.

Government has over the years tried to make the Universities look inward for sources of revenue to supplement its grants to fund the Universities. A number of Universities have responded by establishing various income generating ventures. These ventures do not seem to justify their establishment.

Sustaining University education in Nigeria is becoming increasingly costly to the Government which has been the sole financier of Universities. Professor S.O. Biobaku summed up the situation that "Investment in University education is par excellence investment in men, and that is why it is a costly venture which a

developing country must afford".[7] When this is put against the current economic misfortune of Nigeria it becomes apparent that Nigerian Federal Universities are doomed to face serious financial problems resulting from the obvious inadequate funding by the Government.

This study will attempt to highlight the extent to which Government has funded the Universities and identify means by which University funding will be improved to respond adequately to current socio-economic position in the Country.

1.4 Justification of the Study

Funding problem for Universities in Nigeria took root from the Federal Government assumption of propriatorship of all Nigerian Universities in existence in 1975. Prior to that time, it is safe to say that all the Universities were adequately funded. For example, for the Ahmadu Bello University, up to 1975, there was no substantial difference between the funds requested for and amount received in any year. On the contrary, there were years in which the amount received was slightly more than what was requested. The institution was well funded until 1975/76 when for the first time the amount received was 20 per cent lower than requested.

The take over could have been informed by political exiegences but the deteriorating funding situation

continued to date. To make matters worse, more Universities were established and are still being established and/or taken over by the Federal Government. To exacerbate the problem, a major source of revenue for the Universities, student tuition fees, was abolished for all undergraduate courses in all Federal Universities. Yet Government is not able to provide enough funds to the Universities for such a free education policy.

The world economic recession which has brought with it the related inflation has affected the Nigerian Universities adversely. In Nigeria the inflation effect is so severe that prices of goods and services change upwards on weekly basis.

The introduction of the Structural Adjustment Programme (SAP) in 1986 devalued the Naira against the major curencies to the extent that the Naira is currently about one twentyth of its pre-SAP value. This situation is more serious for Nigerian Universities which have to procure foreign exchange to import their much needed equipment, books, journals and other teaching and research materials.

Faced with all these problems, the Universities have growing demand to admit more students as a result of the ever growing Nigerian population. Even the first generation Universities are admitting more students each year thereby expanding their students population against over stretched facilities.

It is in the light of all these that this study is carried out to determine the extend of the inadequate funding of University education with particular reference to Ahmadu Bello University, identify related problems and profer solutions to them.

1.5 Scope of the Study

This study is to examine the current financial problems facing Nigerian Universities with particular reference to Ahmadu Bello University. Emphases is placed on A.B.U. because of its unique nature, being the first University in the former Northern Region, still the largest University in Africa, South of the Sahara and servicing to an educationally disadvantaged North.

Ahmadu Bello University used to enjoy full adequate funding by the former Northern Regional Government and later Interin Common Services Agency (ICSA) but with its take over by the Federal Government in 1975 the funding situation started to deteriorate to the current level. The funding of the University will be examined vis-a-vis the National Universities Commission (NUC) mode of funding, the internal revenue drive and other grants with a view to finding ways and means of improving the situation. The study will focus attention on the ten year period from 1982/83 to 1992/93.

1.6 Research Methodology and Sources of Information

Both primary and secondary sources of information have been used to collect data for the study. Where relevant and necessary, interviews have been conducted with key officers of the University, NUC and Limited Liability Companies owned by the University.

Various publications of the University, NUC, Government and other related conference papers have been used as sources for this research. These include:

1. ABU Annual Accounts (Audited & Unaudited)
2. ABU Annual Reports
3. NUC Annual Reports
4. NUC 20 years of Centralised University Education

The reports of three Committees set up by the Federal Government on higher education in Nigeria have also been useful.[9]

The recently signed agreement between the Federal Government and Representatives of University Academic Staff and its related documents have also served as useful source of information.

1.7 Limitations of the Study

The subject of this study is considered an important matter to the educational development of Nigeria. This is because of the importance attached to education in general and University education in particular to the development of a nation. The peculiar nature of University education in terms of ownership and funding in Nigeria also makes a special case for its importance.

The economic misfortunes of Nigeria in recent years and the attendant effects on the University funding further alevate the subject's importance. All these point to the fact that a lot can be studied on the subject matter. However, the limitation of time will not allow the subject matter to be examined to the researcher's fulliest satisfaction.

The research could not have started early enough because of the nature of the course. The course is weekend while the days are used for office work. The last academic year (1991/92) witnessed many closures due to strikes by both students and staff. This elongated the academic year and the course was only completed in December instead of July, 1992.

Proper record keeping and thus unavailability of data in Nigeria has been a serious problem. The researcher is left with making the best use of what is available.

1.8 Literature Review

Various attempts have been made to research into the subject matter. Many have tried to suggest solutions to the problem of inadequate funding in A.B.U.

Apart from the numerous publications by Government agencies on the matter such as N.U.C. Annual Report, etc some scholars have made attempts on the issue of financial problems in Ahmadu Bello University. "Financial Problems of A.B.U. by Adeiza (1982)[8] attempted

to look at the matter with recommended solutions yet the problem persists. Other related literature include Tahir (1981) which looked at the problems of A.B.U. soon after its take over by Federal Government; these of course include the problem of finance. "Budgeting in Nigerian University: A case study of A.B.U." by Bello (1983) also made an interesting study on the subject but related to budgeting processes and the future funds requirement of the University. This highlighted the need for more funding.

Problem confronting the University were highlighted in another study titled "Ahmadu Bello University: Twenty Years of Development (1982 - 1982)". One of the most important problems studied in the research is funding. In her research, Dada (1985) "Diversifying Source of Finance for Nigeria's Federal Universities: A Case Study of Ahmadu Bello University Zaria", an attempt was made to recommend various sources of funds for the University to supplement the Government funding through NUC. As will be seen, not much has been achieved if any at all, since that study.

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CHAPTER TWO

EVOLUTION OF UNIVERSITY SYSTEM IN NIGERIA

2.1 The First Generation Universities 1960 - 1975

"Sir William Harmilton-Fyfe, Vice-Chancellor of the University of Aberdeen and leader of a deligation sent by the Inter-University Council for Higher Education in the Colonies.... said "Here shall be the University of Nigeria". This was how the University College, Ibadan came to be. The Harmilton-Fyfe delegation looked at a report of a Government Commission on Higher Education, the Eliot Commission and recommended the establishment of the University College at the site in Ibadan. This was in December 1946. The College came to be on February 2, 1948 with 104 students.

With the establishment of regional governments, the Eastern Region set up the University of Nigeria at Nsuka in 1960. The Ashby Commission, "Commission on Post-Secondary and Higher Education in Nigeria" recommended for the establishment of Universities at the Regions. This resulted in the establishment of three new Universities, thus: the University of Northern Region (now Ahmadu Bello University, Zaria) , the University of Ife (now Obafemi Awolowo University) and the University of Lagos in 1962. Further, the University College, Ibadan was converted into a full pledged University, the University of Ibadan the same year. These are the five first Generation Universities, two of which were under

Federal Government (Ibadan and Lagos) while the other three at Nsuka, Zaria and Ife were under the three Regional Governments of Eastern, Northern and Western Nigeria respectively. The Mid-West Institute of Technology established in 1970 became the University of Benin in 1972 owned by the then Mid-Western State. This is also considered a first generation University.

All the four regionally established Universities were taken over by the Federal Government in 1975. These are the Ahmadu Bello University, Zaria; University of Nigeria, Nsuka; University of Ife (now Obafemi Awolowo University) and University of Benin in addition to the other two Federal Universities at Ibadan and Lagos to make seven Federal Universities.

Two main reasons informed the take over. In the first place there was enough money from the oil petro dollars to sustain the Universities by the Federal Government. There was also the need for a wide geographical spread of institutions of higher education. Indeed, the second National Development Plan (1970 - 1974) made serious emphasis on the need for the production of higher level manpower to overcome the obvious lack of executive capacity for the implementation of projects during the plan period.

2.2 Second Generation Universities: 1975 - 1979

Geographical spread (politics), the oil boom (money) and presure for acquisition of higher education

all played important roles in the establishment of the next set of Universitues. In 1975 seven Universities were established by the Federal Government of Late General Murtala Mohammed in addition to the take over of the four regional Universities. The seven Universities are:

- Bayero University Kano - was formally Abdullahi Bayero College of Ahmadu Bello University, made University College , ABU in 1975 but became Bayero University in 1977.

- University of Calabar - it used to be the Calabar Campus of University of Nigeria founded in 1973.

- University of Ilorin was a campus of the University of Ibadan until in 1975 when it became an independent University.

- University of Jos - it was originally established as a campus of the University of Ibadan in 1971 but became a full pledged University in 1975.

- University of Maiduguri, the neucleous of which was the North East College of Arts and Science established in 1973.

- University of Port-Harcourt also started as a campus of University of Lagos.

- University of Sokoto, now Usman Danfodio University established from scratch in 1975.

These Universities had the same outlook as the first generation Universities in that they were comprehensive in nature. The next generation however witnessed the establishment of specialist Universities.

2.3 Third Generation Universities: 1979 - 1983

The Federal Government had in place a policy of at least one Federal University located in each state and therefore the establishment of more Universities continued. The 1979 constitution put higher education on the concurrent legislative list, thus allowing states to establish their own Universities. Moreover, private Universities were being proposed.

Federal Government established seven Universities of Technology in its efforts to provide each state with a University. These were: the Universities of Technology at Abeokuta, Akure, Bauchi, Makurdi, Minna,Owerri, and Yola. The Open University at Abuja was also created in addition to a proposed Military Academy (University).

2.4 Other Universities

Eight States (Anambra, Bendel, Cross River, Imo, Lagos, Ogun, Ondo and Rivers) used the opportunity provided by the 1979 constitution to establish their own Universities. These states established their Universities on the ground that several of their indegens who were qualified could not gain admission

into Federal Universities. Although twenty four private Universities were proposed only one, Chief Ukaegbu's University in Imo, was established before the take-over of Government by the Military.

With the return of the Military in December 1983, University education began to witness another development. The Open University was suspended. The establishment of private Universities was decreed against and the only one in existence was abolished. Four of the Federal Universities of Technology established from 1979 were merged with other Universities. These were the University of Technology at Abeokuta, Makurdi, Bauchi and Yola. They were converted into University Colleges of other Universities. All these events were contained in a decree in 1984.

These efforts were made with an attempt to address the issue of mass establishment of Universities without adequate planning in terms of funding and manpower provisions. This was however short lived as two of the merged Universities at Bauchi and Yola were re-established in 1988 by another Military regime and renamed Abubakar Tafawa Balewa University, Bauchi and Federal University of Technology, Yola respectively. The other two merged Universities at Abeokuta and Makurdi were re-established as specialist Universities of Agriculture while the suspended Open University at Abuja was re-established all in 1988. States were also given the go ahead to establish their Universities.

Since then five states have established their Universitiss. Thess are:-

Oyo State	-	1990
Imo State	-	1992
Benue State	-	1992
Kano State	-	1992
Delta State	-	1992

The Federal Government took over the Cross River State University and Anambra State University and renamed them University of Uyo and Nnamdi Azikiwe University in 1991 and 1992 respectively. A third University of Agriculture was established by Federal Government in 1992 at Umuahia known as University of Agriculture, Umudike.

2.5 Present Situation

By the end of 1992 there were thirty two Universities in the Country comprising of twenty three Federal Universities and nine State Universities in addition to the Academy University at the Nigerian Defence Academy, Kaduna. The numerical development of Nigerian Universities occurred within a period of about thirty years, averaging more than one University annually. Further, even with the plorifiration of miniature states in 1991, the number of Universities has exceeded the thirty states of the Federation. Yet more states are preparing to establish their Universities while private Universities are also likely to come up.

2.6 The NUC and Nigerian University System

Sir Eric Ashby, Chairman of the Commission which recommended the establishment of a National Universities Commission, became an Honorary Adviser of the Commission when it was established in 1962. The Ashby Commission in its report gave cogent reasons as to why a National Universities Commission should be established. Universities are very expensive institutions to maintain and according to the report "Throughout the world all but a very few of them depend on government funds for their support."[3] Then Government needs second advice on how to distribute the limited funds available for higher education where there is more than one University. This advise should come from a body that represents the interest of both Government and the Universities "to protect the Universities at all times from control from outside and to protect the public against needless duplication or wastage of scarse resources"[4].

2.6.1 The Administrative NUC

Upon acceptance of the Ashby Commission Report by Government, the Prime Minister, Sir Abubakar Tafawa Balewa established the Administrative NUC by an Act of Parliament in 1962 with twelve members. The Administrative NUC which had Alhaji Muhammadu Tukur, the Emir of Yawuri as its first part-time Chairman and Dr. Okoi Arikpo as the first full-time secretary was charged with the following functions:

(a) To inquire into and advise the government on the financial needs, both recurrent and capital of University education.

(b) To assist in consultation with the Universities and other bodies concerned in planning the balanced and coordinated development of the Universities in order to ensure that they are fully adequate to the national needs.

(c) To receive annually a block grant from the Federal Government and to allocate it to Universities with such conditions attached as the Commission may think advisable.

(d) To act as an agency for channelling all external aids to the Universities throughout the Federation.

(e) To take into account in advising the Federal Government, such grants as may be made to the Universities by Regional Governments, persons and institutions both at home and abroad.

(f) To collect, analyse and publish information relating to Universities finance and University education both in Nigeria and abroad.

(g) To make either by itself or through committees, such other investigations relating to higher education as the Commission may consider necessary and for the purpose of such investigations, have access to the records of Universities seeking or receiving Federal grants.

(h) To make such other recommendations to the Federal Government or to Universities relating to higher education as the Commission may consider to be in the national interest.

The Commission was administrative because it was a department in the cabinet office, just as an administrative set up to co-ordinate the activities of the Federal and Regional Universities at the time. "It was just a channel through which Federal Universities were funded and once the grant has been allocated to the Universities, it has no power to monitor talk less of controlling how money was being utilised."[5]

2.6.2 Interim NUC (1968 - 1974)

The creation of twelve states out of the former four regions, the civil war and the oil boom played major roles in the future structure and functions of the NUC. The Federal Government became more powerful and more federal funding of all the Universities became

apparent. The NUC was therefore re-constituted in 1968 under the Chairmanship of Chief F.R. Williams (SAN).

2.6.3 The Statutory NUC

The responsibilities for higher education in Nigeria was completely taken over by the Federal Government in 1975 which saw the take over of all regional Universities and establishment of new federal universities by the Federal Government. These made it necessary for the establishment of the Statutory NUC with wider powers and responsibilities. The first Chairman of the new Commission was Chief S.D. Adebo with Dr. Jibril Aminu as its first Executive Secretary. This marked the beginning of formal control of the Nigerian Universities by the NUC.

2.7 NUC Procedure for Funding Universities

Since the establishment of the statutory NUC standard procedures have been provided for funding federal Universities by the NUC. This is in compliance with the laid down functions of the Commission.

2.7.1 Funding Format

The NUC provides funds to the Universities in the form of grants.

Recurrent Grants These are made to cover the recurrent expenditure for the provision of goods and services and payment of personal emoluments in the

Universities. The grants cover recurrent expenditure for both Teaching and Non-teaching activities in the following areas:

(a) Departmental Operating Expenses for

- Academic Departments, Units and Centres
- Teaching Support Units
- Public Service Units
- Organised Research Units

(b) Personal Emoluments

- Salaries and Allowances
- Pensions
- Gratuities

(c) Common Charges

(a) Academic Expenditure

(i) Salaries and allowances for teachers, graduate assistants, research fellows, technicians and administrative support staff to the various faculties, academic departments including organised units of research, public service, teaching support and the library.

(ii) Goods and services for instruction and research i.e. consumable goods, books, periodicals, travel costs, field trips, furniture and fittings, office equipment, activities of Senate and its various

Committees, academic ceremonies, publications, computer time, allowances for external examiners, organising examination and staff development.

(b) Non-Academic or Administrative Support Costs

(i) Central Administration for the salaries and allowances of all non-academic staff not engaged in academic units and for the goods and services required in the Vice-Chancellor's office, the Registry and the Bursary.

(ii) Student Services - halls of residence, sports and other recreational activities.

(iii) Services - Maintenance of buildings, grounds, plants, students and staff medical and health care.

(iv) General University expenditure which include staff housing rentals, legal and bank charges, allowances of Council Members and meeting of Council and its committees, vehicle loan fund and passages.

(v) Retirement Benefits which are provided at 1% of the total recurrent grant.

Teaching and Research Equipment Grants. Prior to the Cookey Report of 1981 the grants for Teaching and Research Equipment was part of the Recurrent Grants. However, with the acceptance of the Report by Government, a separate provision has been made for it at about 5% of the total recurrent expenditure.

The grants are meant for the purchase of non-consumable teaching and apparatus to meet increase in enrolment and to replace worn-out older equipment; the purchase and installation of major teaching and research equipment such as x-ray equipment, electron microscope, heavy workshop pumps and gauges, and the maintenance and servicing of equipment, provision of spare parts, and components.

Capital Grnats These are provided for the capital development (new projects) and rehabilitation of existing buildings. The social and living conditions in Nigeria coupled with the out-of-town location of our Universities demand that in addition to the academic buildings and facilities needed for their instructional and research programmes, the Universities must provide substantial non-academic facilities i.e. housing for most staff and students, clinics or health centres, schools for the children of staff and plants for campus owned electricity and water supplies, where the municipal services are either non-exisistent or inadequate as well as for the maintenance of roads.

Special Grants Government makes special allocations of funds through the NUC. These grants are extra budgetary and meant to address specific problems.

2.7.2. N.U.C. Budget Hearing

Universities in Nigeria operate a financial year of July to June which straddles the two calender years. The NUC on the other hand operates a normal January to December calender year as its financial year in line with Government financial year. This means that Universities' financial year straddles two government financial years and is funded accordingly.

Proposals are prepared by all the Federal Universities to be defended before the NUC between January and May of each year in respect of the operation of the following July to June financial year. At the NUC's budget hearing a University's financial operations for the preceding year are x-rayed critically and areas requiring improvements are highlighted. New programmes are considered and if NUC is convinced they are approved for take-off.

Fundamentally, NUC uses a staff/student ratio in the general allocation of recurrent grants to the Universities. The recommended ratios differ between disciplines, thus:

	Decipline	Staff/Student Ratio
1.	Education	
2.	Administration	3
3.	Humanities	1
4.	Law	3
5.	Social Sciences	3
8.	Agricu1ture	1
7.	Engineering	3
8.	Env"mental Design	3
9.	Natural Science	3
10.	Pharmacy	3
11.	Vet. Medicine	3
12.	Human Medicine	

These ratios are applied strictly to the older generation Universities which *are* expected to have developed their student enrolments over the years. On the other hand the ratio is sometimes relaxed for the younger generation Universities whose student enrolments are still growing. Yet, M3C has expressed the view that the older Universities are carrying more staff than is ideal compared to their student enrolment levels. In some cases MJC has requested for freezing of further employment of certain categories of staff.

Other ratios considered for allocation of recurrent grants to Universities are the pyramid shape academic staff structure of Professors {20%>, Senior Lecturers (25%) and Lecturers I, II and Assistant Lecturers (55%). For the non-teaching support staff the NUC guidelines *provide* for:

(a) One Senior Administrative staff to three *academic* staff,

(b) One Senior Technical staff to three or four academic staff in science based desciplines,

(c) Thirty per cent of student enrolment is allowed for Junior staff.

Operating expenses (goods and services) are provided based on some percentages of staff salaries:

Decipline	% of Salaries
Arts Based	15 - 25
Education	15 - 20
Science Based	30 - 35

All other fund allocations are based on these ratios and percentages. However five percent of the recurrent grants used to be set aside specifically for library development fund which has now risen to ten percent.

The Academic Planning Unit of the NUC is responsible for collating all the recurrent grants requirement for all the Universities by applying all the guidelines. The Physical Planning Unit of the NUC is responsible for preparing the capital grants requirements.

The basic document on which the capital programmes of each University is determined is the NUC approved Master Plan for the University. The capital grants are meant to cover the cost of land certificate, design,

construction and equipment of new buildings and rehabilitation of existing structures. Implementation of the Master Plan covers a given period, usually of the length of a National Development Plan period.

2.7.3. The Funding Pattern of Universities

After the budget hearing by the NUC the Commission determines what the whole Federal Universities require for the twelve months operations. This is passed over to Government for consideration. Government in its wisdom decides on how much to allocate to the Universities. There is the general feeling backed by facts that Government does not have a well established criterion for allocating funds to the University education. For example, there has not been consistency in the allocation of funds made to Universities by Federal Government as shown, thus:

Year	1987	1988	1989	1990	1991	1992
Allocation to Universities as a % of total Budget	2.66	1.19	2.18	1.48	1.89	1.45

Source:- Paper delivered by former Hon. Minister of Finance, Alhaji Abubakar Alhaji on January 17th 1992 (Pre Convocation lecture) at ABU Zaria

This often results in lopsided allocations and very much leaves the Universities with far less than adequate funds to finance their programmes. The Cookey Report (1981) opined that "Governments in Nigeria ought to rank University education near the top of their priority

scales... This means that they should be among the few sectors to be insulated against depressions in government overall financial resources, and that Government financial allocations to them should be adequate to meet their legitimate needs".

The Report went on to say:

> There is no generally accepted rule for determining the level of aggregate funding to the University system by Government. It is a matter of both economics and politics. However, it is known that in the 1970s resources devoted to University education in countries such as the USA, USSR, West Germany, Brazil and Singapore annually constituted between 1 - 4 per cent of their gross national product. In sharp contrast, the approved annual allocations to the Nigerian Universities during the 1970s and the projected annual allocations during the 1981 - 85 Plan period constitute less than one per cent of the Country's gross national income. Judging from the experience of other countries, therefore, it could be seen that there is still much greater scope for additional funding to the Nigerian University system than has actually been achieved to date. [6]

During the period 1962 - 1974 when there were only six Universities in Nigeria the funding level was adequate for the need of the Universities. Both the

Federal and Regional Governments had relatively few Universities to finance. Indeed, for ABU up to 1975 there was no substantial difference between the amount of funds requested and the amount received; on the contrary there were years in which the amount received was more than what was requested.

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2. Investment in Education
   A Report of the Commission on Post-School Certificate and Higher Education in Nigeria

3. Ibid PP 32

4. Ibid

5. 25 Years of Centralised University Education in Nigeria
   An NUC publication (1992) PP 115

6. Report of the Presidential Commission on Salary and Conditions of Service of University Staff (The Cookey Report) 1981, PP 98.

CHAPTER THREE

A.B.U FUNDING ARRANGEMENTS

3.1 Historical Background

Prior to the establishment of Ahmadu Bello University, Zaria, there were sub-degree awarding institutions in Samaru and Zaria which formed the neucleus of the University. These were the Nigerian College of Arts, Science and Technology in Samaru, the Administrative School at Tudun Wada Zaria and the School of Agriculture in Samaru. Following the report of the Ashby Commission on Post-Secondary School Certificate and Higher Education in Nigeria, the Northern Nigerian Regional Government requested for a delegation from the Inter-University Council for Higher Education Overseas to visit the Region with a view to making appropriate recommendations regarding the establishment of a University in the North as recommended by the Ashby Commission of 1960. In April 1961, the delegation recommended for the establishment of a University and in the same month a law was promulgated which gave effect to the establishment of Ahmadu Bello University.

As earlier stated the University was formed from the former three educational establishments thus:

- Nigerian College in Samaru became the main campus.

- School of Administration, Tudun Wada Zaria became the Faculty of Administration and now Institute of Administration with Faculties of Administration and Law.

- School of Agriculture, Samaru became the Faculty of Agriculture and Institute of Agricultural Research.

The University commenced its first academic year from October, 1962 with 425 students and 142 senior staff. Seven faculties became the foundation faculties that year which are Faculties of Administration, Agriculture, Arts and Social Sciences, Engineering, Environmental Design (formerly Architecture), Law and Science. Expansion in terms of programmes, facilities, students enrolment, staff etc has continued to date. The current position is as follows:

Student Enrolment (including Sub-degree)	25,446 approx.
Staff - Senior	2,196
- Junior	4,174
Faculties	11
Departments	69
Institutes	6
Centres	7

Ahmadu Bello University continues to grow in all facets of its corporate life that in 1976, a one time Vice-Chancellor of the University had this to say..."The total student enrolment in Ahmadu Bello University this

session stood at 13,039..... This makes Ahmadu Bello University the largest University not only in Nigeria but in the whole of Africa excluding Egypt..."[2] Professor Ango Abdullahi, another former Vice-Chancellor of the University was optimistic that with about 14,000 enrolment of students in 1981/82 session the University would have a total student enrolment of 45,000 by 1995.

However, despite the high rate at which the University has expanded, its financial strength has not grown at the same rate. This situation is capable of breeding an unhealthy academic environment such as falling standard of education, over stretching the available facilities, accumulation of debts etc. Various problems make up this unhealthy financial situation of the University over the years.

3.2 Northern Nigerian Regional Government Funding: 1992 - 1995

University education was on the concurrent legislative list of the Nigerian constitution prior to the 1975 take-over of all Universities by the Federal Government. This allowed the Regions and later States to establish and fund Universities. Ahmadu Bello University was owned and funded by the Northern Nigerian Regional Government led by the late Sir Ahmadu Bello, the Sardauna of Sokoto. During the former Regional set-up, the University enjoyed full adequate funding from the Government. When states were created in 1967 the then six Northern States formed what they called Interim Common Services Agency (ICSA) which was responsible ,

among other things, for the effective policy management of matters common to the states. Under the ICSA, Ahmadu Bello University continued to enjoy the full adequate funding it was used to during the Regional Government ownership. Indeed, the Report by the Longe Commission[3] had this to say for the 1962 - 1975 period i.e. prior to Federal Government take over of A.B.U. ... "The first point to note is that for ABU Zaria up to 1975 there was no substantial difference between the amount requested and amount received .

On the contrary there were years in which the amount received was slightly more than what was requested. It could thus be stated that the institution was well funded until 1975 - 76 when for the first time the amount received was 20 per cent lower than that requested"[3]

Table 3.1

Recurrent Grant to ABU from Northern Nigerian Regional Government 1963 - 1975
₦ Million

Year	Requested	Approved	Received
963-64	2.685	2.382	2.382
1964-65	2.858	3.130	3.130
1965-66	3.067	3.250	3.250
1966-67	3.160	3.500	3.500
1967-68	3.456	2,367	2.367
1968-69	5.416	5.396	5.396
1969-70	7.693	6.946	6.946
1970-71	10.308	10.409	10.409
1971-72	7.312	9.718	9.718
1972-73	10.316	10.940	10.940
1973-74	15.583	15.206	15.206
1974-75	35.543	35.543	35.543
1975-76	63.142	50.290	50.290
Total	170.539	159.077	158.891

Source: Report of the Commission on the Review of Higher Education in Nigeria headed by Chief G. A. E. Longe, CFR 1992, PP 104.

Not only did the Regional Government and later ICSA actively support the University financailly through direct government grants but the University was encouraged to get external grants from foreign governments, Agencies and Organisations. All these ensured the continued expansion of programmes of the

University and quality of its products was of international standard.

3.3 Federal Government Funding 1975 - Date

With the take-over of all Nigerian Universities by the Federal Government, ABU's fortunes began to dwindle. Expansion programmes in terms of student enrolments, staff recruitment, facilities etc had to continue due to increasing demands for admission from an ever growing population. However, financial allocation from the Federal Government began to deminish against increasing demands.

The Federal Government further went ahead and established more Universities thereby creating more financial burden. The financial allocations to ABU continued to decline while pressure was mounted for increase in programmes and student enrolments. Such increases were only possible through the utilisation of past accumulated financial operating surpluses.

Table 3.2

Schedule of Recurrent Grants to ABU 1976 - 1980
(₦ Million)

Year	Requested	Recommended	Approved	Shortfall	%
1976-77	42.098	28.582	24.561	17.537	42
1977-78	56.777	30.315	26.466	26.462	47
1978-79	77.217	37.337	22.715	39.880	52
1979-80	49.810	32.061	26.319	17.749	36
Total	225.956	128.295	100.061	97.661	43

Source: Report of the Presidential Commission on Salary and Conditions of Service of University Staff 1981 PP 113-115 Headed by Dr. S.J. Cookey.

Ahmadu Bello University which used to enjoy 100% funding from its establishment to 1975 witnessed shortfall of up to 52% in Government funding few years after its take-over. Thus, alot of hardship in terms of finance were brought on the University by the take-over. To make matters worse, Federal Government directed that no University was allowed to seek for external grants without the expressed approval of the NUC. This directive dealt a serious blow to the hitherto substantial grants being received by ABU from foreign donors.

3.4 Internal Revenue Generation

As if all this was not enough, the Federal Government decreed in 1976 that as from the 1977/78 academic year University education would be free. This resulted in

loss of substantial revenue by ABU. When some Vice-Chancellors wrote to NUC asking how the apparent short fall in revenue resulting from the Government annuoncement was to be met, it was thought that such shortfall will be absorbed through the regular budgetary processes. And we have shown how ABU's request was cut by up to 50% in a year at table 3.2.

Faced with such enormous financial problems, the then Vice-Chancellor of Ahmadu Bello University, Professor O.O. Akinkugbe decided in 1979 to look inwards for other sources of revenue to supplement the fast declining government grants. Accordingly, he set up a task force on Revenue Generation under the Chairmanchip of Professor S. Nuru with the following other members:

Dr. O.A. Famoriya	- Dept. of Agric Economics
Dr. J.S. Odama	- Dept of Economics
Mr. R.F. Oshagbemi	- Div. of Agric. Colleges
Malam B. Tukur	- Vice-Chancellor's Office
Dr. U.A. Zahradeen	- Dept. of Business Admin.
Mrs. J. Saror	- Vice-Chancellor's Office as Secretary

The Task Force was to examine the possibility of setting revenue generating ventures for the University in the following areas:

(1) Establishment of Restaurants

(2) Establishment of Bakery

(3) Establishment of Super Market

(4) Expansion of Guest Houses

(5) Establishment of Bookshop

(6) Establishment of Bindery

(7) Establishment of University Press

(8) Purchase of Shares

(9) Investment in Property

(10) Consultancy in varioos profesional and other desciplines

(11) Agriculture, Livestock, Crops, Milk Machinery

(12) Any other areas of importance

Seven areas were recommended by the Task Force for the consideration of the University. These are:

(1) The establishment of a hotel on the Kongo Campus (Institute of Administration)

(2) The establishment of Restaurants on the Main Campus.

(3) Establishment of a Bakery

(4) Agricultural venture to produce food items

(5) Consultancy services to be intensified

(6) Establishment of a super market on the Main Campus

(7) The establishment of Kioks on all the campuses

So far five ventures heve been established by the University following the recommendations of the Task Force. These are:

(1) ABUCONS Limited

(2) A.B.U. Bookshop Limited

(3) A.B.U. Press Limited

(4) Kongo Conference Hotel

(5) Unibello Farms Limited

Inspite of the establishment of these ventures, which operate completely outside the University service

system, the internal revenue generation has not improved over the years to make any meaningful impact on the University's financial situation. Indeed a study carried out in 1985 by Dada F.D. (Mrs)[4] identified the major financial problem of ABU as lack of diversification of sources of finance in the University and went ahead to recommend improvement on the operations of ABUCONS, ABU Bookshop, ABU Press, etc. Inspite of the detailed analyses and recommendations made on these ventures in the study, the University has not benefited in real financial terms from their operations. The performance of each venture is examined vis-a-vis its contributions towards internal revenue of the University in the following paragraphs 3.5 to 3.8.

3.5 A B U C O N S

This company known as Ahmadu Bello University Consultancy Services Limited was originally established as an arm of the University in the Vice-Chancellor's Office in 1984 with the sole aim of generating funds to the University. According to the Chief Executive of the Company, Dr. Uriah A. Angulu, it was shortly after his return from his foreign service in the U.S.A. that the then Vice-chancellor, Professor Ango Abdullahi requested him to set up the company to coordinate the hightherto adhoc consultancy activities of the University with a view to generating funds for the University.

The decision to establish the company according to Dr. Angulu, was informed by the need to generate internal revenue for the University to supplement the fast declining government grants to the University in order to cope with the need for expansion in the University programmes. The company continued operating as an un-incorporated unit of the University until 1987 when the new Vice-Chancellor, Professor A.N. Mohammed decided to incorporate it. It was accordingly incorporated on 30th April, 1987 as a Limited Liability Company.

The authorised, issued and paid up capital of 450,000 of ₦1 each is wholly owned by the University.

3.5.1 Policy and Management. ABUCONS Limited has a board of directors under the Chairmanship of the Vice-Chancellor with the Bursar and Registrar as members by virtue of their offices. A member of the University Council is nominated by Council on the Board while the Chief Executive of the company is also a member. The board makes the broad policy guidelines of the company.

The day to day operations of the company are handled by the Chief Executive, assisted by two directors of Administration and Finance respectively. All the staff of the company including the Chief Executive are permanent and pensionable staff of the University. But the University Council, according to the Managing

Director, (Dr. U. Angulu), had directed that the company should recruit its own staff to which directive the company is making efforts to comply.

3.5.2 Financial Operations. The initial three years witnessed losses in the company's operations. However from 1987 some profits have been made as indicated below:

Table 3.3

Turnover and Profit/Loss for ABUCONS Ltd from Inception to 1992 (N)

Year	18 months June 1989	1990	1991	1992
Turnover	2,147,984	1,689,140	2,634,383	6,224,413
Profit/ Loss)	(143,714)	(77,279)	(64,310)	367,662

Source: Audited Accounts and Report

Eight years after its establishment this company has not made any meaningful financial contribution to the University to justify its existence. A token donation of N200,000 per annum has been made by the company to the University. Recently, the company invested N450,000 and N250,000 in film production (Kulba Na Barna) and ABU Community Bank Ltd respectively on behalf of the University. In some cases bills are settled by the company for the University while some equipment have been procured for some departments.

Each of the first 3 1/2 years of the company's operations witnessed losses despite a total turnover of about ₦6.5 million as shown in table 3.3 . It was only in 1992 that profit was experienced. This aparent poor performance of the company was explained by the Managing Director to be as a result of a number of problems comfronting the company.

Public relation, which is the modus operandi of consultancy business in Nigeria has been a serious problem to the company. Most meaningfully large consultancy businesses are from governments and quasi-government organisations whose executives are apprehensive of accepting public relations from anybody associated with the Universities, especially Ahmadu Bello University, Zaria. This is because of the vicious nature of the University Community. This results in less procurement of business for the company despite the availability of all the required expertise. Even when jobs are executed payment is unduely delayed because of public relations problems resulting in accumulated debts which currently stand at between ₦4 million and ₦5 million.

Some of the resourse persons from the University academic departments often compete with ABUCONS in bidding for comsultancy businesses. These resourse persons are the technical experts who represent ABUCONS and at the same time compete with the company. This unfair competition is now exacerbated by the recent

Government decision which permits University teachers to undertake their individual consultancy jobs.

3.5.3 Future Prospects According to Dr. Angulu, the future is still bright and large enough to accommodate both the incorporated consultancy firms like ABUCONS and the individual consultants in the Universities. Alot of the clients still prefer ABUCONS because of the name and goodwill enjoyed by Ahmadu Bello University. It may however be necessary, according to Dr. Angulu to have external consultants for the company rather than rely on experts from the University academic community some of who may likely sabotage ABUCONS efforts.

However, the problem of public relations to clients and establishing confidence and trust in the clients still remains a reality with no possible solution in site. The Chief Executive is of the view that ABUCONS has the potentials of making an annual turnover of up to ₦100 million and may be able to contribute up to ₦10 million to the University coffers if given the right atmosphere to operate.

3. 6 Ahmadu Bello University Bookshops Limited

Established in 1967 the Bookshops went into business the same year. The initial objective is to provide service to the University community. The Bookshop was registered with an authorised, issued and paid up

capital of 27,000 ordinary shares of £1 each which comes up to 54,000 ordinary shares of ₦1 each. In 1986 a new peugeot 504 station wagon was procured for the Bookshop at ₦39,000 as deposit for shares by the University. However, the share capital has not been increased and neither the deposit repaid nor the shares issued.

A loan of ₦40,000 was also granted to the company by the University at an annual interest rate of 10%. Indeed, the University has an additional current account in credit of ₦250,000 with the Bookshop. These bring the total investment by the University in the Bookshop to ₦383,000. The Bookshop is accordingly wholly owned by the University.

3. 6. 1 Policy and Management.

The Bookshop has a board of directors with the Deputy Vice-Chancellor as its Chairman. The Registrar and Bursar are members of the Board holding one share each. The main objects of the Bookshop among others, are:

(i) To carry on the business of booksellers, publishers, magazines, propriators, stationeries, advertising agents, printers, bookbinders, designers and draftmen, and as agents for the sale of books, journals and other publications.

(ii) To carry on any other business which may seem to the company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render more profitable any of the company's property.

The board of directors determines the policy guidelines of the company for implementation of the management. There is a Management Committee made up of three directors of the board, among whom one is the Chairman, the General Manager and other departmental managers as members. The day to day running of the company is in the hands of the Management Committee Chairman and the General Manager. This confused management practice has made the General Manager ineffective and accordingly unable to move the company to higher horizon for profit making. The General Manager reports to the Management Committee Chairman who, though not a full time employee of the company, sees to the day to day running of the company.

3.6.2 Financial Operations.

Although the Bookshop was initially established to provide services to the University Community (i.e. it was a service unit of the University), its incorporation into a limited liability company compelled it to assume a profit making posture. The results of its five year operations (1986 - 1990) have shown profits as per Table 3.4.

Table 3.4

Some Financial Results of ABU Bookshops Limited
1986 - 1990
₦

	1986	1987	1988	1989	1990
Turn over	820,118	1,161,825	1,095,074	1,346,868	1,400,612
Profit	88,635	45,309	11,190	44,805	140,481
E.P.S.	3.10	1.65	0.29	1.66	4.27

Source: *Audited Accounts of the Company*

With a total investment of about ₦400,000 the company has been able to achieve a maximum of only ₦140,000 annual before tax profit in 1990. This is just about 35% on investment and indeed only ₦11,190 was made as net profit before tax in 1988.

Since the inception of the company there has never been any financial contribution made to the owners, the University. Instead, the General Manager of the company has been paid all his salaries and allowances by the University to date. In addition, the company has not been paying rent and rates for the building it is occupying for its business which belongs to the University.

3.6.3 Problems and Prospects.

When asked as to how much the company has been able to contribute to the University since its inceptions, the General Manager expressed the opinion that he was not aware that the company was to generate money for the

University. In his opinion, the profit motive of the company is to enable it to stay in business by expanding its operations and increasing its assets base. This lack of awareness by the Management for the company to contribute financially to the University is partly responsible for the poor performance of the company.

The capital base of the company is fairly inadequate to cope with the level of its operations. This has limited the level of the company's activities. The General Manager believes that if the University can inject another ₦500,000 in the company he will be able to expand his operations and introduce more business areas such as secretarial services, conference materials, laminating business, and more photocopying machines. This will, according to him enable him to double the company's business and contribute about ₦150,000 to the University, annually.

The company has not been granted adequate support by some sections of the University in terms of contracts for the supply of books and related academic materials. Notably among them are the library, central stores and most academic departments. The General Manager hopes that such support will be accorded his company in the future and the company may go out for businesses from outside the University Community.

3.7 Ahmadu Bello University Press Limited

The Press was initially established in 1973 as an arm of the University, known as Publishing and Printing Unit under a Director in the office of the Vice-Chancellor. The object was to assist the academic community to publish scholarly texts. Hitherto, all the printing and publishing works of the University were being handled by individual staff and to some extent by the University Press Committee which did not function properly. This situation proved wasteful both in terms of human and material resources.

With the establishment of the Publishing and Printing Unit, the University Community was able to have an improved coordinated publishing and printing activity. However, the unit was entirely a service arm of the University.

The idea of setting up a commercial outfit to handle all publishing and printing activities of the University was finalised in 1975. The ABU Press Ltd was accordingly incorporated with 200 ordinary shares of ₦1 each on 30th January 1978. The company is wholly owned by the University with the Vice-Chancellor and Registrar holding one share each. The share capital was increased to 450,000 ordinary shares of ₦1 each in 1986. These were authorised, issued, fully paid and wholly owned by the University.

3.7.1 Policy and Management.

The Press is governed by a board of directors under the Chairmanship of the Vice-Chancellor. The following is the membership of the board:

2 members nominated by Council

2 members nominated by Vice-Chancellor

2 members elected by Congregation

The Bursar of Ahmadu Bello University

The Managing Director

Foremost among the objects of the company is:-

> "To carry on the activities of printing and publishing for the purpose of promoting the objects of the Ahmadu Bello University for promoting arts and science, for promoting research and the advancement of science and learning and for securing the diffusion of knowledge throughout Nigeria and the world at large".[5]

The company is to operate the broad guidelines in such a manner that it enhances the publication of academic texts for the University Community. But in order for the company to remain in business it has to operate in such a manner that it makes profit which may also enable it to declare devidends for the share holders. This necesitated the company to go into the business of commercial printing.

The day to day management of the company is run by the Managing Director and two committees of the board.

The Management Committee is responsible for the general management policies of the company while the Publications Committee is in charge of the publishing activities of the company with respect to academic texts in the University. The company has since its inception been able to publish 37 titles.

3.7.2 Financial Operations

For the first five years when the company was a service unit of the University it was not operated with a view to making any profits. With its incorporation in 1978 it received an annual grant of ₦200,000 from the University up to 1981. The grant was however stopped and a loan of ₦200,000 was made to it by the University between 1982 and 1983. Due to poor financial operations, the company had to be temporarily closed from December 1983 to September 1984.

It was reopened in October 1984 and the capital was increased to 450,000 ordinary shares of ₦1 each in addition to an additional grant of ₦400,000 by the University in the same year. The building was constructed by the University at ₦1.6 million.

Despite all the investments made in the company, totalling ₦3.45 million, the operations resulted in losses upto 1984. It was only in 1985 when a profit of ₦96,413 was made from a turnover of ₦486,527. The summarised financial results for 1986 to 1991 are shown in table 3.5.

Table 3.5

Turnover and Profit/(Loss) for ABU Press Limited, 1986 - 1991

₦

	1986	1987	1988	1989	1990	1991
Turn Over	712,873	813,878	1,337,001	1,512,620	2,996,347	2,846,332
Profit/ (Loss)	133,071	(228,831)	24,980	27,225	60,826	167,671

Source: Company's Audited Accounts for 1988 - 1991

With a total current investment of ₦3.45 million the company could achieve a maximum annual profit of only ₦167,671. This dismal performance so irked the University that the former Vice-Chancellor, Professor A.N. Mohammed had to order the company to pay a contribution of ₦200,000 to the University in 1991. Furthermore, the company was directed to invest ₦150,000 on behalf of the University in the ABU Community Bank Ltd in 1992 by the current Vice-Chancellor, Professor D. I. Saror.

These are so far the financial benefits that accrued to the University from the company. However, the company has been able to undertake most of the University printing jobs such as examination materials on credit and within the required time. This has assisted the University in no small measure. The quality of the finished work is also commendable.

3.7.3 Problems and Prospects.

When asked to explain the poor financial performance of the company so far, the Managing Director, Professor A. Gaji advanced various problems confronting his company. He is of the view that the capital base of the company is rather low and the working capital grossly inadequate for its operations. The company is also confronted with increasing unsettled bills for work done for the University and outside clients such as Northern Nigeria Publishing Company. The current bank interest rates

are so high that borrowing is not the best option for financing the company's growing operations.

The nature of the company ownership and management which is quasi-government is also another inhibiting problem. The whole organisation is governmental and hardly forward looking for profit making. The name of ABU attached to the company also presents difficulty for the company to establish confidence and trust with most of the big potential clients. It is difficult to provide public relations to clients which is necessary for getting jobs and payments after executing the job. All these limit the scope of the company's operations.

The Managing Director is however optimistic that the future is very bright for the company. If all its planned expansions are accomplished the company according to the Managing Director, may be able to make an annual financial contribution of up to ₦1 million to the University. However, it is necessary to patronise the company and a mutually beneficial working relationship be established between the company and ABU Bookshop Ltd than is existing.

3.8 Kongo Conference Hotel Ltd.

Prior to the setting up of the hotel, a conference centre known as Kongo Conference Centre was being operated right inside the Tudun Wada Campus of the University in Tudun Wada, Zaria. The Conference Centre was established

to provide conference facilities for the University, including food and accommodation for visitors and staff of the University. There was no profit motive in the operation of the Conference Centre.

The construction of a full pledged hotel at the Tudun Wada Campus was considered, and a joint venture agreement between the University and New Nigerian Development Company Ltd (NNDC) was entered into for the purpose. The Kongo Conference Hotel was therefore constructed with fully equiped conference facilities, food and accommodation. The hotel was registered on 4th September, 1979 with registration No. RC30031. It had an initial share capital of 2 million ordinary shares of ₦1 each fully paid by ABU (80%) and NNDC (20%).

A further ₦4.4 million was invested by the University towards the construction and furnishing of the hotel. This was converted into loan to the hotel.

3.8.1 Policy and Management.

The policy making body of the hotel, the board of directors is made up of the nominees of the two shareholders, ABU and NNDC. The Vice-chancellor is the Chairman of the Board with the Bursar, Registrar and Director Institute of Administration of the University as members representing ABU. The NNDC has two respresentatives one each from NNDC headquarters and Arewa Hotels Development Ltd, a subsidiary of NNDC. The

General Manager of the hotel is also a member of the Board. The University Council is represented by one of its members on the Board.

The management of the hotel is entirely provided by the Arewa Hotel Development Ltd a subsidiary of NNDC. The hotel has 200 fully furnished rooms with airconditioners in each rooms. Some of the rooms have refregirators while television sets are provided in each room. The restaurant provides food with a 24 hour room service for food and drinxs. The conference hall is one of the best fully equiped with standard conference facilities.

3.8.2 Financial Operations

Hotel business is quite profitable but its management is equally difficult. This is why the hotel was established under a joint ownership of the University and the NNDC with the latter providing the required technical management expertise through its subsidiary, the Arewa Hotels Development Ltd. It is clear right from the onset that the hotel was established to make profit for the owners.

The hotel commenced business with a total investment of ₦6.4 million in 1982 made up as follows:

Item	₦	Ownership
Ordinary Share Capital of ₦1 each	2,000,000	ABU(80%), NNDC(20%)
7 1/2 Long Term Loan	4,400,000	ABU(100%)
Total	6,400,000	

The first seven years (1982 - 1989) witnessed losses arising from the operations of the hotel. The current General Manager of the hotel, Malam Uba Wada who has been involved in the management of the hotel for many years provided a number of reasons for the operational losses. According to him the capital structure is poor because it is over geared with a share capital of ₦2 million and "short term" loan of ₦4.4 million. Another problem is to do with the locational disadvantage of the hotel. This has two facets. The first is that Zaria itself is a relatively low business centre to be able to generate the level of accupancy required for a hotel of this standard. Then even within Zaria itself the hotel is relatively hidden. The best sites in Zaria for a hotel business, according to the General Manager, are along Zaria-Kaduna express way and Zaria-Samaru road especially around the area where Zaria hotel is located.

Indeed, the Jos road along which the hotel is located has since been closed and a new one opened which is far away from the hotel. This also increases its locational disadvantage. There is also the problem of keen cmpetition with a local restaurant, Shagalinku which is closely located to the hotel. The restaurant is able to provide food at relatively lower prices than the Kongo Conference Hotel because of its low overhead costs.

Commercialisation of the hotel was an after thought as far as the General Manager is concerned. This is

because the hotel started as Kongo Conference Centre just to provide accommodation, food and other conference facilities for Ahmadu Bello University guests and staff but not to make profit. Therefore, the commercialisation of the new hotel was an idea that came up much later and this has adverse effect on the performance of the hotel.

However, the hotel started making profits from 1990, that is just after the capital restructuring was effected in 1989. The capital was restructured by way of conversion of ₦3 million of the ₦4.4 million loan capital into 3 million 5% preference shares of ₦1 each. This new capital structure became as follows:

Item	₦	Ownership
2 million Ordinary shares of ₦1 each	2,000,000	ABU(80%), NNDC(20%)
3 million 5% Preference shares of ₦1 each	3,000,000	ABU (100%)
7 1/2% Long Term Loan	1,400,000	ABU (100%)
Total	₦6,400,000	

The operating results for 1985 - 1992 are also shown at table 3.6.

Table 3.6

Turnover and Profit/(Loss) for Knogo Conference Hotel Ltd from 1985 to 1991
₦

Year	Tunover	Profit/(Loss) Before Tax
1985	1,583,000	(451,000)
1986	1,537,000	(581,000)
1987	1,828,000	(485,000)
1988	1,827,000	(580,000)
1989	2,341,000	(485,000)
1990	3,590,000	260,000
1991	5,042,000	554,000

Source: Audited Accounts and Report

Although the hotel was established to generate revenue for the University it has not paid a single kobo to the University since it commenced business in 1984 due to the persistent losses it had been experiencing. Late in 1992 the hotel was directed by the Chairman of the Board who is also the Vice-Chancellor to invest ₦200,000 in the AEU Community Bank Limited on behalf of the University. This was the only financial contribution so far made by the hotel to the University despite its investment of ₦6 million and an accumulated interest yet to be paid of about₦2.5 million. Probably, the obvious benefits to the University is the provision of convenient accommodation and food to its guests on credit. This has helped the University operate smoothly in terms of guests accommodation and feeding

especially for external examination, convocation and other ceremonies. There is about N3 million outstanding debts against the University as at date according to Malam Uba Wada.

3.8.3 Problems and Prospects.

The General Manager is optimistic that the hotel will be able to generate enough profit and make meaningful financial contributions to the University in the years to come. Indeed, he is of the view that if all his planned improvement to the structure and services of the hotel are accomplished the hotel may be able to make annual contribution of between N2 million and N3 million to the University. These improvements include:

(1) Renovation of rooms to replace mattresses, curtains and provide refregirators in all rooms.

(2) Repair leaking roof due to the original structural defects which will require about N500,000 every two years.

(3) Provision of extra services in the hotel such as satelite, night club, car hire.

(4) Improve the quality of services such as food, room service.

(5) Procure laundry machines the absence of which has forced the hotel to wash manually which has drying problem especially during the rainy season.

The future is bright according to the General Manager for a number of reasons. With the planned improvements on the ground more customers will be attracted. The price advantage that Shagalinku Restaurant used to enjoy is now diminishing because of the increases in its prices due to increased overhead. Moreover, as the part-time weekend courses at Institute of Administration are increasing both in number and students enrolments the hotel experiences more businesses. All the planned improvements will however be financed from the operations of the hotel, according to the General Manager. There is therefore no need for external borrowing or shareholders' assistance.

REFERENCE

1. Northern Nigeria Law No. 26 of 1962, establishing ABUZ.

2. The convocation speech of the Vice-Chancellor at the 14th Anniversary Convocation on 10th & 11th December, 1976, PP 16

3. Higher Education in the Nineties and Beyond. Report of the Commission on the Review of Higher Education in Nigeria headed by Chief Gray Longe, CFR.

4. Diversifying source of finance for Nigeria's Federal Universities: A case study of ABU Zaria by F. D. Dada (Mrs) 1985.

5. Memorandum and Articles of Association of The Ahmadu Bello University Bookshops (Nig) Ltd.

CHAPTER FOUR

FINANCIAL ANALYSES OF AHMADU BELLO UNIVERSITY 1983 - 1992

4.1 Introduction

Ahmadu Bello University continued to suffer the misfortune of under-funding of its programmes despite its positive responses to the pressure to expand its programmes, both in terms of number of students intakes and programmes being offered. This situation will be analysed for the past ten year period (1983 - 1992) for the whole University, except the four units which are funded by different agencies other than the National Universities Commission (NUC). The units are:

	Unit	Funding Agency
1.	Institute of Agric. Research (IAR)	Federal Ministry of Science & Technology
2.	Institute of Health	Federal Ministry of Health
3.	National Agricultural Extension Research and Liaison Services (NAERLS)	Federal Ministry of Agriculture
4.	National Animal Production Research Institute (NAPRI)	Federal Ministry of Science and Technology

Our analyses will be limited to the Main Campus (M/C), Student Affairs Division (SAD), Division of Agricultural Colleges (DAC), Institute of Administration (IOA) and the Institute of Education (IOE) all of which are under the NUC funding arrangement and engaged in

training of students at post-graduate, under-graduate and sub-degree levels.

4.2 ACTUAL TOTAL INCOME & EXPENDITURE (1983 - 1992)

The University generated a total of ₦750,870,586 as recurrent income and incurred a total of ₦822,848,487 as recurrent expenditure with a net deficit of ₦71,977,951 during the ten year period as shown at Table 4.1.

Table 4.1

A.B.U. Actual Income & Expenditure
1983 - 1992

Year	Income	Expenditure	Suplus/ (Deficit)
1983	56,767,076	65,145,011	(8,377,935)
1984	65,687,434	61,303,341	4,384,093
1985	71,592,253	64,481,980	7,110,273
1986	71,158,714	60,293,342	10,865,372
1987	65,112,876	73,399,401	(8,286,525)
1988	73,039,703	75,232,858	(2,193,155)
1989	84,156,264	91,248,495	(7,092,231)
1990	85,260,123	105,587,503	(20,327,380)
1991	71,691,185	94,228,254	(22,537,069)
1992	106,404,908	131,928,302	(25,523,394)
Total	₦750,870,536	₦822,848,487	₦(71,977,951)

Source: Audited Accounts of A.B.U. 1983 - 1991 and Draft Accounts for 1992.

Total recurrent income was only 91.25% of the total recurrent expenditure while the deficit came to about 9.59% of the total income. The University

incurred a net operating deficit during seven out of the ten years under review and net surpluses in 1984 to 1986. The highest deficit (in absolute terms) was incurred in 1992 when N100,404,908 was received as income but N131,938,302 was expended on recurrent expenditure items with a net deficit of N25,523,394 or 24% of the total income. However, 1991 recorded the highest percentage deficit of 31% of the recurrent income in relation to the recurrent income.

4.3 Recurrent Income.

This is made up of grants from external sources and internally generated revenue by the University. According to the NUC decree, the University cannot receive grants from foreign sources outside the country without the expressed permission of the Commission This has limited the sources of grants for the University to only NUC and some Nigerian agencies.

Internally generated revenue is expected to constitute at least 10% of the total recurrent revenue for the University. The internal revenue sources include:

1. Tuition fees from post graduate and non-degree courses
2. Hostel accommodation fees
3. Medical examination fees
4. Games fees
5. Examination fees
6. Sale of admission forms
7. Investment income

4.3.1 External Grants.

The NUC being the funding agency for University education is expected to provide for 90% of the total recurrent expenditure requirement of each Federal University in the form of recurrent grants (for general recurrent expenditure), Teaching and Research Equipment Grant and General Research Grant. The Northern State Governments (NSG) have over the years been providing grants towards funding the diploma courses in Institute of Administration, National Certificate of Education (NCE) and Diploma courses in Institute of Education.

The NUC provided ₦628,462,140 to the University as recurrent grant during the ten year period while the Northern State Governments released ₦6,652,720 towards the training of their non-degree students. These sum up to ₦635,114,860 as external grants to the University or 77% of the total recurrent expenditure. Table 4.2 provides the details.

Table 4.2

External Grants and Recurrent Expenditure for ABU (M/C, DAC, IOA, & IOE 1983 - 1992

(₦)

Year	External Grants			Recurrent Expenditure	External Grants as a Percentage of Recurrent Exp.
	NUC	NSG	Total		
1983	48,591,730	401,500	48,993,230	65,145,011	75%
1984	56,379,037	511,818	56,890,855	61,303,341	93%
1985	63,160,069	1,015,852	64,175,921	64,481,980	99%
1986	60,132,919	476,000	60,608,919	60,293,342	101%
1987	53,894,136	922,800	54,816,936	73,399,901	75%
1988	61,670,793	475,000	62,145,793	75,232,858	83%
1989	72,087,931	550,000	72,637,931	91,248,495	80%
1990	70,950,088	599,750	71,549,838	105,587,503	68%
1991	53,699,818	1,100,000	54,799,818	94,228,254	58%
1992	87,895,619	600,000	88,495,619	131,928,302	67%
Total	628,462,140	6,652,720	635,114,860	822,848,487	77%

Source: Audited Accounts 1983-1991 and Draft Accounts for 1992

Except for 1984 - 1986, the total external grants fell short of the required 90% of total recurrent expenditure level. Grants from NUC came to an average of 76% of the recurrent expenditure for the ten year period. The grants from the Northern State Governments (NGS) are meant for the training of non-degree students from these states, notably for the diploma courses in Institute of ADministration. The students are exempted from paying tuition fees since the Northern State Governments are supposed to provide grants to cover the expenses. However, the NUC has been opposed to the coutinuation of these courses saying that the NUC grants are being used to subsidise the cost of providing these courses while the University thinks otherwise. This disagreement resulted in NUC reducing the grants for the University by N6 million in 1991, being cost of running the diploma programmes. Unfortunately, the Northern State Governments were able to pay only N1.1 million as grants for the diploma courses during the same year which actually happened to be the highest grants received from the states for any year during the period under review. The University lost N4.9 million in the process in that year. Since then the non-degree programmes are not being funded by NUC and the fees payable for them are far less than the cost of running them. Appendix (i) shows the break-down of funding to the various components of A.B.U. from 1983 to 1992.

4.3.2 Internal Revenue.

This comprises of all revenue accruing to the University from sources outside the funding agencies, i.e. the revenue that the University is able to generate by its own efforts. It includes all forms of fees payable by students and investment income.

Under-graduate courses, which constitute the highest student enrolment became tuition free with effect from 1976 by a Federal Government Decree. Hostel accommodation fees have also been pegged at ₦90 per bed space since then. All these reduced the level of internally generated revenue for the University.

Ahmadu Bello University has the highest number of bed spaces among all the first generation Universities and accommodates as high as 60% of its students. This position would have opportuned the University to generate adequate revenue from hostel accommodation fees to be able to maintain the hostels. Unfortunately, the hostel accommodation fees were pegged at ₦90 per bed space in 1976 and have remained so to date despite the rising cost of goods and services, especially building materials. The University ends up running the hostels at great costs without adequate funds either from NUC or students to maintain them. The result is that the hostels are in state of serious desrepair and to some extent constitute health problems to the students.

The non-degree courses being run by the University are not being funded by NUC. The students are supposed to pay tuition fees but because of the perculiar nature of the catchment area of the University, Northern States (i.e. there is still lack of enthusiasm to westhern education) the tuition fees are no where near the cost of running these courses. The current estimated annual cost of training a student in higher education institution was arrived at as follows:[1]

	₦
University	7,000 per annum
Polytechnic	5,000 per annum
College of Education	4,000 per annum

The average annual cost (both capital and recurrent) accross all higher educational institutions in 1990 is ₦6,000. This is in no way comparable with the current fees of ₦800 payable by each non-degree student. The matter is further exacerbated in the case of the diploma courses at Institution of Administration (IOA) where the students are not charged tuition fees but chargeable to their states of origin (i.e. the Northern States). The fees are not charged at the economic rate and the state Governments do not pay as and when due.

It was already shown in chapter three that revenue from companies owned by the University has not been encouraging. The University has over the years invested alot of funds in the companies with a view to yielding good returns to supplement the income of the University. But this has not been achieved due to a number of reasons:

(1) There is not enough capital to be injected for profitable operations. The University has not got the required capital and private individuals and organisations are not ready to form partnership with the University because of the nature of the academic environment.

(2) The type of management required by private companies for successful operations is not available in the University largely due to the civil Service orientation of the Universities.

(3) The University is not located in a commercial/business environment and therefore business patronage of its companies is rather limited.

The University has not therefore been able to benefit much from its investment in the companies as can be seen; thus:

	Campany	Total Investment to Date	Total Income to ABU	Return on Investment
1.	ABU Bookshop Ltd.	383,000	100,000	26%
2.	ABUCONS Ltd.	450,000	1,350,000	300%
3.	ABU Press Ltd.	3,450,000	350,000	10%
4.	Kongo Conf.Hot. Ltd	6,400,000	200,000	3%
	Total	₦10,683,000	₦2,000,000	19%

Investment income in respect of bank interest on deposits has been on the decline simply because total revenue available to the University has been far less than the total recurrent expenditure. This means that less surplus funds would be available to earn interest.

The University generated N115,755,676 from its internal revenue generation efforts between 1983 and 1992 with the Main Campus accounting for 47.5% or N55 million, Student Affairs Division, 16.6% or N19.2 million, Institute of Administration 9% or N10.4 million, Institute of Education 18.2% or N21.1 million and Division of Agricultural Colleges 6.6% or N10 million. The details are at appendix (ii).

Despite all the foregoing dismal performance of internal revenue generation efforts the University has been able to generate the required minimum 10% of its recurrent expenditure during the period under review.

Table 4.3

Analysis of Total Internal Revenue and Total Recurrent Expenditure for ABU (1983 - 1992)

Year	Internal Revenue	Recurrent Expenditure	Percentage of Internal Revenue to Recurrent Exp.
1983	7,773,846	65,145,011	12%
1984	8,796,579	61,303,341	14%
1985	7,416,332	64,481,980	12%
1986	10,549,795	60,293,342	18%
1987	10,295,940	73,399,401	14%
1988	10,893,910	75,232,858	15%
1989	11,518,333	91,248,495	13%
1990	13,710,285	105,587,503	13%
1991	16,891,367	94,228,254	18%
1992	17,909,289	131,928,302	14%
Total	115,755,676	822,848,487	14%

Source: Audited Accounts for 1983-1991 and Draft Accounts for 1992.

It is clear therefore that the financial distress of ABU was caused by the dwindling external funding by the NUC since the internally generated revenue has been at not less than 12% of the total recurrent expenditure in any given year during the ten year period. Indeed the percentage average for the period came to 14% of the total recurrent expenditure as compared with the 77% for external grant which should be at a minimum of 90%. This shows that internal revenue exceeded the 10% limit by 4% while external grant fell short of the minimum of 90% by 13% with a total net shortfall of 9%.

Although the University was surviving on its past financial fortunes by funding many of its operations through the past savings, it started to give in to the pressure of inadequate funding from 1987 when the effects of Structural Adjustment Programme (SAP) began to show. That was also the year when the external grants fell from N60,608,919 in 1986 to N54,816,938 in 1987 and internal revenue fell from N10,549,795 in 1986 to N10,295,940. At the same time, recurrent expenditure increased from N60,293,342 in 1986 to N73,299,401 in 1987. The net effect is an annual deficit of N8,286,526 in 1987 against an annual surplus of N10,865,372 in the preceding year.

The University continued to accumulate outstanding bills because of its inability to pay debts and incurred numerous bank overdrafts. Even third party funds were being expended in order to maintain essential services. The accumulated revenue reserve of the Main Campus and Student Affairs Division reached a peak of N39,875,808 (debit) as at 1991 which has the effect of deflating the University Capital Funds.

The situation was worsened by the fact that the University developed the habit of over expending its recurrent budget. This became a two edged sword with under-funding the budget and over expenditure at the same time. For example in 1992 the University budgeted for N103,564,017 but ended up spending N131,928,302 as recurrent expenditure during the same period.

A unit by unit analysis of recurrent expenditure for 1983 - 1992 is at appendix (iii) while the annual summary of Total Revenue and Expenditure is at appendix (iv).

The financial situation became so poor that Federal Government had to provide a special grant of N40 million directly to the University Council for settling the outstanding debts of the University and sustenance of essential services in 1991. The situation was not any different in all the other Universities such that the University teachers under the umbrella of their union, the Academic Staff Union of Universities (ASUU) embarked on a nation-wide strike to press the Federal Government on three fundermental issues facing the Nigerian Universities. These are:

1. University Funding
2. University Autonomy
3. University Teachers Salaries and other conditions of service

The striking teachers kept all the Universities closed from academic activities for about three months during which negotiations were conducted between representatives of Federal Government and ASUU. In the process, ASUU as a trade union was proscribed by Government while University teachers formed another association called University Teachers Association (UTA). The outcome of the negotiations was an agreement which has given effect to the following in Federal Universities:

1. Improved salaries and allowances
2. More autonomy
3. Improved funding.

4.4 The Current Funding Position

As the negotiations were going on, the white paper on the Report of the Commission on the Review of Higher Education in Nigeria was released which accepted an upward review of University staff salary by 30% in addition to increases in other allowances. During the negotiations the University teachers rejected the increase and Government finally agreed to a set of salary and allowances for categories of the teaching staff. A summary table of the agreed salaries and allowances is reproduced at Table 4.4.

Table 4.4

The Universities Academic Staff Salary Scale and Allowances
(₦)

Grade Level		First Step	Last Step
1	Basic	13,476	17,826
	Allowances	20,422	23,293
	Total	33,898	41,119
2	Basic	14,578	22,794
	Allowances	24,065	31,132
	Total	38,643	53,925
3	Basic	15,469	26,779
	Allowances	25,307	35,034
	Total	40,776	61,813
4	Basic	20,289	34,769
	Allowances	29,633	42,085
	Total	49,922	76,854
5	Basic	24,690	37,008
	Allowances	36,807	47,199
	Total	61,497	84,207
6	Basic	26,135	41,483
	Allowances	41,490	53,593
	Total	67,625	95,076
7	Basic	29,216	46,221
	Allowances	44,375	56,960
	Total	73,586	103,181

Source: Signed Agreement between the Federal Government of Nigeria and Academic Staff of Nigerian Universities dated 3rd September, 1992.

Although the agreement covered the academic staff, all the University staff were granted the basic salary increase and relevant allowances. Specific allowances were approved for academic staff. These include:

1. Journal Allowance

Professor/Reader	6,000 p.a.
Senior Lecturer	5,000 p.a.
Others	4,000 p.a.

2. Research Allowance

Professor/Reader	3,000 p.a.
Senior Lecturer	2,500 p.a.
Others	2,000 p.a.

3. Learned Society Allowance

Professor/Reader	3,000 p.a.
Senior Lecturer	2,500 p.a.
Others	2,000 p.a.

4. Examination Supervision Allowance
   20% of Basic Salary to a maximum of ₦7,200 p.a.

5. Post Graduate Supervision Allowance
   ₦2,000 per postgraduate student to a maximum of ₦10,000 p.a.

6. Teaching Practice/Industrial Supervision Allowance
   15% of basic salary to a maximum of ₦5,400 p.a.

7. Hazzard Allowance of ₦600 p.a.

8. Excess Workload Allowance

Professor/Reader	20.00 p.hr.
Senior Lecturer	15.oo p.hr.
Others	12.00 p.hr.

9. Housing Allowance of 56% of Basic Salary

10. Transport Allowance of 50% of Basic Salary

11. Meal Subsidy/Entertainment Allowance

UASS 05	1,200 p.a.
UASS 06 - 07	2,400 p.a.

12. Utility Allowance

UASS 01 - 03	300 p.a.
UASS 04	480 p.a.
UASS 05	720 p.a.
UASS 06	960 p.a.
UASS 07	1,200 p.a.

13. Hospitality Allowance of ₦100 per night

14. Annual Leave Allowance of 10% of Basic Salary

Allowances 1 - 4 are for academic staff in all cases, 5 - 8 are on specific cases to academic staff but 9 - 14 are general to all University staff. Consequently, the new salaries and allowances granted increases of up to 150% in the take home pay of most University staff. The agreement was implemented in September, 1992 effective June, 1992, thereby granting 4 months arrears to the staff.

Records available in the University Bursary show that in 1991 the NUC provided ₦13,136,179 to the University as quarterly recurrent grant which was barely enough to pay the net salaries for three months. In 1992 the quarterly recurrent grant was increased to ₦15,255,325 but government decided to provide an additional ₦9,558,190 quarterly to supplement the recurrent grant for the University to be able to pay its staff salaries. With the new salaries and allowances package the monthly gross salaries of the University rose from ₦6 million to ₦20 million. The NUC provided ₦61,380,803 to the University for the implementation of the new salaries structure with the four months arrears.

The quarterly recurrent grant for the University has now reached ₦65,200,854 as released by the NUC for January to March 1993 compared with the 1992 quarterly release of ₦24,813,515 (₦15,255,325 + supplementary of ₦9,558,190) with an increase of about 163%.

4.5 The Quantum of Financial Needs

The University budgeted ₦103,564,017 for its recurrent expenditure during the 1992 fiscal year. The NUC was to provide ₦55,659,524 as recurrent grant and the University to generate ₦7,369,485 internally. The sum total of the two came to ₦63,029,009 as revenue accruing to the University. A budget deficit of ₦40,535,008 or 39% was anticipated from the budget.

For the 1993 fiscal year the University submitted a recurent budget of ₦120,352,260 to the NUC. This was in response to the actual recurrent expenditure of ₦107,536,017 incurred during the preceding fiscal year. However, the NUC's contribution was raised from about 54% (₦55,659,524) in 1992 to about 92% (₦110,240,894) of the recurrent budget in 1993. This obviously was too ambitious. Before the commencement of the fiscal year the ASUU entered negotiations with Government on improved funding of Universities, staff salaries, etc. The end result of the negotiation was the huge financial requirement for the Universities. The signed agreement indicated a total recurrent expenditure requirement of ₦2.6 billion in 1993 for the 23 Federal Universities. In the light of the agreement Ahmadu Bello University had to revise its budget for 1993 upwards from ₦120,352,260 to ₦316,809.406 with an increase of ₦196,457,146 (163%). The increase over 1992 budget came to₦213,245,389 (or 206%).

The National Universities Commission is expected to provide ₦300,459,840 towards funding the recurrent expenditure while the University is expected to generate the balance of ₦16,349,566 or 5% of the total budget internally. The actual funding received for 1992 cannot be used as a yard stick to determine the position for 1993 because of the agreed improved funding of Universities between Government and ASUU representatives. However, judging from the first quarter recurrent grant received from NUC of ₦65,200,854 the University will expect about ₦260,803,416 as total recurrent grant for 1993. Teaching and Research Equipment and General Research Grants may amount to ₦2.5 million.

Internally generated revenue came to ₦10,732,361 (Main Campus and Student Affairs Division) as compared with the budget for 1993 of ₦16,349,566. The increase of ₦5,617,205 or 52% over the 1992 figure is largely accounted by the following:

Investment Income From:-

		₦
(a)	ABUCONS Ltd.	800,000
(b)	ABU Press Ltd	500,000
(c)	Kongo Conf. Hotel Ltd	250,000
(d)	ABU Bookshop Ltd	100,000
(e)	Iya Abubakar Computer Centre	2,000,000
		₦4,050,000

After thorough discussions with the Chief Executives of the University-owned business ventures, it became clear that they had on idea that the said amounts budgeted for were expected from them and had no plans to contribute same to the University funding. As for the examination fees which are being introduced for the first time in 1993 at N50 per student, with estimated student population of about 25,000 the collectible fees will come to N1.25 million as against the N2 million budgeted for the year. Even if all other budgeted revenue items are realised, the 1993 financial operations may result in deficit. The picture is given at Table 4.5.

Table 4.5

1993 Approved Revenue Busget and Expected Performance for ABU Main Campus and Students Affairs Division

	Approved Budget	Expected Performance	Expected Variance	
External Revenue	8	8	8	
Recurrent Grant	297,969,220	260,803,416	37,165,804	12.5%
I & R Grant	1,086,738	1,086,786		
G. R. Grant	1,403,834	1,408,834		
Sub Total	8300,459,840	N283,294,036	N37,165,804	1'? A°S
Internal Revenue				
Interest on Deposit	850,000	850,000		
Vet. 'ech. Hosp.	20,000	20,000		
Investment Income	2,059,680	9,680	1,050,000	99
Student Accomodation	1,401,930	1,401,903		
Tuition Fees	3,266,241	3,266,241		
Exasj. Fe e s	2,000,000	1,250,000	750,000	
Miscellaneous Income	3,467,795	3,467,795		
Recove*ries* from Salaries	3,283,920	1,283,920		
	J8,349,566	13,549,566	2,800,000	7.1%
Grand TotaI	8316,809,406	8276,843,602	39,5)85>,804	

Source'.: Council Approved Budget for 1 993,

4

The approved balanced budget provided for ₦316,809,406 as recurrent expenditure. Even if the recurrent expenditure is not exceeded by the end of the fiscal year (which is hardly the case) the University will need an extra ₦40 million to make up for the apparent expected deficit.

1993 Expected Recurrent Revenue & Expenditure for Main Campus and Student Affairs Division

Revenue	₦
External Income	263,294,036
Internal Income	13,549,566
Total Revenue	₦276,843,602

Expenditure	₦
Basic Salary	118,968,911
Operating Expenses	9,916,581
Common Charges	167,395,893
General Research	1,403,834
Purchase of Assets	19,124,187
Total Expenditure	₦316,809,406
Deficit	₦39,965,804

The recent increases in salaries and allowances have exacerbated the financial position of the three Units being funded from the Main Campus. These are Student Affairs Division, Institute of Administration and Institute of Education. Records available have

shown that the monthly funding from Main Campus has more than doubled for each of the three units since the new salaries and allowances were implemented. The increase is from about ₦1 million per month for the three units to about ₦3 million. This puts the expected annual funding to about ₦36 million.

The overall funding requirement for the University in 1993 will therefore come to ₦352,809,406 as against the expected revenue of ₦276,843,602, thus:

		₦
Revenue		276,843,602
Recurrent Expenditure	316,809,406	
Funding to Institutes	36,000,000	
Total Expenditure		352,809,406
Total Annual Deficit		₦75,965,804

The total annual deficit is expected at ₦75,965,804 or 27% of the total expected revenue. Obviously the University has not got the wherewithal of making up this shortfall. For one thing all the revenue generating ventures of the University (ABUCONS Ltd, ABU Bookshop Ltd, ABU Press Ltd and KCH Ltd) are not in any position to make any meaningful financial contributions. The University is not allowed to charge tuition fees for undergraduate students and hostel accommodation fees have been pegged by government at ₦90 per bed space for many years despite the

increases in building materials for maintaining the hostels. This means no increase in accommodation fees can be made.

Tuition fees for non-degree and post-graduate courses have also remained stagnant for a long time. A simple example is in respect of the Long Vacation Training (LVT) courses being conducted by IOE whose tuition fees used to provide the Institute with adequate funds for its recurrent expenditure without receiving funding from the Main Campus. Due to the recent increase in salaries and allowances the total LVT fees collected in 1993 is not enough to pay the Institute's salaries for three months. Yet the fees were not increased to reflect a fair level of cost of services provided to the students. Both the Director and Finance Officer of the Institute Dr. Mohammed Aliyu and Mr. J. S. Audu respectively agreed that there was need to increase the fees. Similarly the fees for diploma courses in IOA have remained stagnant for many years while the Northern States for whom the courses are conducted have not been supporting the programme with adequate funding.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

University education has had tremendeous development both in terms of number of universities and students enrolments over the years. In 1971 there were only five Universities with a total enrolment of less than 20,000 students. However, these rose to 30 Universities with over 200,000 students enrolment nationwide by 1992. This 10 fold increase over a 20 year period is an indication of the importance of University education in Nigeria. Indeed, only about 15% of the JAMB applications succeeded in securing places in the Universities in recent years as indicated in table 5.1.

Tabel 5.1

JAEM APPLICATIONS & ADMISSIONS 1989/90 - 1991/92

Year	1998/90	1990/91	1991/92
Applications	255,638	289,572	398,332
Admissions	38,431	48,504	61,479
% Admission to Application	15%	17%	15%

Source :- *Press Statement issued by Registrar of JAMB, Dr. M.S. Abdulrahman PP 21 of NNM 13-4-93*

Similarly, the recurrent grant allocation grew from ₦19.57 million in 1971 to ₦655.20 million in 1992 or 33.5 fold over the 20 year period. However, the effects of inflation and devaluation of the Naira have made the increase in recurrent grants meaningless towards sustaining the facilities in the campuses. Between 1986 and 1993 the Naira depreciated from about ₦1 to a US Dollar to ₦34 to a US Dollar.

This situation was clearly highlighted by the "Nigerian Economist" when it stated that "A recent study by Dr. Pius Okigbo reveals that in 1979, a University student cost the public purse some ₦5,869. Indeed allocation to one student rose to ₦7,676 in 1980 in nominal terms. Last year (i.e 1990) it had fluctuated to ₦4,452. In real terms, however, the allocation to each University student by 1988 was only ₦536. By the same study each student is supposed to cost the public purse about ₦48,482...There is obviously a calamitous gap between ₦536 which is the current average allocation by public purse to each student and ₦48,482 which is what he really needs to maintain his quality of life and education at 1975 prices....."[1]

The prolifiration of Universities in the Country was meant to provide political balance in educational development as well as respond to the pressing demands for University admission. In the process Government established more Universities than it can adequately

catter for. The end result is the overstreching of available facilities with the consequance of falling standards.

The condition of University funding also affected the quality of life of University lecturers. A review of their salaries and conditions of service was commisioned by Government in 1981. The report and white paper known as "Cookey Report" granted University Staff separate salary and conditions of service known as the University Service System (USS). The system attempted to improve the salary and conditions of service of all University staff thereby improving their generality of life.

However, Government found it impossible to adequately fund the new salaries and at the same time provide enough funds for goods and services. The situation deteriorated that teachers had no materials for teaching and research. This led to a lot of frustration on the part of the teachers some of whom had to leave the Universities for better employment.

In Ahmadu Bello University the situation is not any better. The University was fully funded by the then Northern Regional Government for all its requirements. This vintage position was reversed a few years after the University was taken over by the Federal Government. Indeed, as shown in Chapter Four, the University has been experiencing operating deficits which came to an accumulated sum of (₦71,972,951) by 1992.

For some years after the take over by Federal Government, the University was living on its past glory, utilising its accumulated surpluses to supplement its operations. The highest annual deficit was experienced by the University in 1992 when the operating results showed a deficit of (₦25,523,394).

Recurrent Grants from the NUC to the University in recent years was barely enough to pay the net salaries and allowances of the staff. The provision of goods and services had to be supported by the meagre internally generated revenue and of course by creditors. Sadly, most sources of internal revenue are regulated by Government i.e. Tuition is free for all undergarduate courses while hostel fees are pegged at ₦90 per bed space. The University has no surplus funds to inject into its limited liability companies for improved operations and profitability.

The sum total of all these is that ABU was left with enormous responsibilities without adequate financial resources to shoulder them and, thus it had to operate on deficit. If ABU were a limited liability profit making venture it would have been wound up because of financial distress. The position was adequately summed up by the former Vice-Chancellor, Prof. Adamu Nayaya Mohammed in the Nigerian Economist:-

> *"...Now the effect of these lack of proper funding of the Universities is three fold. You cannot pay salary, you do not have sufficient money to*

operate the University system and not enough money to do research and the situation is bad. ABU Zaria especially has been losing money all the years. The NUC for some unknown reasons has been depleting our recurrent allocation. We have been hard hit within the last two years. We have lost N6 million. Our budget need in ABU here is N36 million for only recurrent purposes ... When we passed it through NUC to Government we hardly get N51 million and that is serious because our salary bill alone is N40 million a year... The altimate result of this is that staff are not very motivated because if they cannot have enough money to operate they would not be satisfied and there would be lack of motivation and declining productivity",[2]

About N5 million of ABU research grant was withheld by the NUC for about three years. The Dean of Science, Prof. Ogbadu confessed that since the establishment of the Microbiology Laboratory there has not been any replacement of a single glass ware to date. All that are being used are the old items installed in 1977 despite the many folds increases in students enrolment. The story is the same in all other faculties.

This pathetic situation of the nation's Universities led to the general strike by University

teachers in 1992 which forced Government to enter into negotiation with their representatives. The negotiations have now been concluded with a signed agreement between the Government and University Teachers on three broad areas:-

1. University Funding
2. University Autonomy
3. University Teachers' Salary and other conditions of service.

This agreement has greatly improved the salary and conditions of service of University staff and the general funding level to the Universities.

The maximum basic annual salary of a Professor has increased from ₦27,000 to ₦51,000 while the recurrent grants to all the 21 Federal Universities from the NUC has jumped from 655.2 million in 1992 to ₦2,677.53 million (or 309%) in 1993. Capital grants have also been increased from ₦97.3 million in 1992 to ₦800 million or 722% in 1993. This dramatic improvement is most welcome especially that the funding is being backed up by commensurate cash releases from Government and the NUC.

However, it is hoped that it will not end up just like the previous improvements which were not backed up by cash in later years. Should Government slack in provising cash backing to the huge salary bills etc, there will be serious crises and unrest in our various campuses. For our Universities are not in any position to shoulder the responsibilities and cannot generate meaningful internal revenue.

5.2 CONCLUSIONS

Nigerian Universities have over the years experienced serious inadequate funding by Government. ABU in particular deteriorated from full Government funding (1962 - 1975) to mere 67% funding of its recurrent expenditure. This has resulted in disturbing level of operating deficit and continued unrests in the University.

Government has recognided the need for adequate funding of our Universities in order to arrest the deteriorating conditions of life for both staff and students, falling standard of education and the resultant students unrests and staff strikes on the campuses. The funding position has been increased by more than 300% for recurrent and 700% for capital grants in 1993. This is not, however, enough because similar attempts had been made in the past to improve the situation but somewhere along the way Government failed to provide the required cash backing.

The effects of inflation and other economic adversities such as currency devaluation and possible economic recession constitute serious problems to Universities in their efforts to provide qualitative education. Unless Government is able to insulate the Universities from such economic mishaps, the current improved funding situation will be meaningless in the years to come and the Universities will be back to status-quo anti.

5.3 RECOMMENDATIONS

The current funding situation has apparently improved the situation in our campuses. If the situation continues ad-infinitum then there is cause for joy as peace will reign in our Universities. However, concrete steps need to be taken to ensure that this situation is sustained otherwise in the next few years the Universities will deteriorate back to their destitute status with the attandant falling standards of life of staff and students and consequent students demonstrations and staff strikes.

5.3.1 Sustained Improved Government Funding

University education is a social service and responsibility on the part of every responsible government. This is informed by the fact that University education is a catalyst of developmental efforts in any society and therefore its enhancement becomes a responsibility of the Government.

Already Government has accepted the request of University Teachers for improvement of their salaries, conditions of service and general funding of the Universities. The signed agreement between Government and the University Teachers is already being implemented and from all indications, adequate cash backing is being given to support the new position.

However, future Governments have to also recognise the need to continue supporting Universities in the way the present administration has started. Further, the Universities have to be insulated by Government from the effects of inflation, devaluation of the Naira and other related economic adversities that are capable of deteriorating the funding situation of the Universities. The recently approved Higher Education Tax is a step in the right direction. Government has approved that 2% of pre-tax profit of all companies operating in Nigeria will be levied towards the funding of Higher Education in Nigeria.

Other areas will be the setting up of a Commission to ensure the pooling of all financial resources such as the Higher Education Tax and utilise same to insulate Universities from adverse effects of economic mishaps. The periodic review of the Government/University Teachers agreement on funding etc of Universities is another step in the right direction with the hope that future Governments will agree to the review.

5.3.2 Deregulate Fees

Government had made tuition for all undergraduate courses free. This has deprived the Universities of a lot of internal revenue. Universities should be allowed to fix tuition fees for all students while the three tiers of Government (Federal, State and Local) and private organisations should sponsor deserving students.

Similarly hostel accommodation fees now pegged by Government at N90 per bed space should be deregulated to reflect the current cost of goods and services. Prior to the recent improved funding, hardly was any meaningful maintenance and repair work carried out in ABU student hostels. The improved funding, however enabled a lot of maintenance and repair works to be made to the hostels recently. For example, all the 100 level students for Faculties of Administration and Law are now being accommodated in Kongo campus with the provision of additional toilet facilities and double decker beds in the hostels. This had eased the pressure on the already over-stretched facilities at the Main Campus which used to accommodate all 100 level students for both hostel and academic facilities.

The University was able to increase other fees except tuition for undergraduate and hostel accommodation. The new fees are shown at appendix (v). This increase which in some cases is up to 100% has indicated some improvement in the internal revenue generation efforts of the University. Records available in the Bursary show that over N10 million has so far been collected as fees from students in 1993 as compared with about N6 million generated in 1992. The break-down is as follows:-

Students Registration Fees Collected 1993/94

	Bank	Amount ₦ million
1.	ABU Community Bank Ltd	3.5
2.	Africa Inter. Bank (IOA)	1.9
3.	First Bank of Nig. Plc	0.8
4.	United Bank for Africa Plc	2.3
5.	Union Bank of Nig. Plc	1.7
	Total	N10.2 Million

Source: Bank balances provided to Bursary as at 23rd April, 1993

The above does not include the fees for diploma and other non-degree courses at the Institute of Education and Division of Agricultural Colleges and registration still continues as at date.

There are diploma courses at the Institute of Administration which have been the subject of controversy. This is because of the perceived idea that they are being subsidised by the NUC recurrent grant and at one stage NUC had to reduce ABU's recurrent grant by N6 million in a year. NUC is not ready to resume funding these courses and according to the Director of Institute of Administration, Prof. Musa Yakubu, the courses are very much relevant to the needs of the Northern States. These Diploma Courses are in Accounting, Banking, Insurance, Law, Local Government and Sharia. The Northern States Governments should be ready to provide adequate funds for these programmes to continue.

5.3.3 Other Sources of Internal Revenue

In its effort to generate revenue internally to supplement whatever Government is able to grant, ABU established a number of profit making limited liability companies. This was highlighted by the former Vice-chancellor, Professor A.N. Mohammed in his interview with the Nigerian Economist where he said "....But with regards to consultancy services and going into investment... In ABU for example we have set up ABUCONS which is ABU Consultancy Service, we have got a Printing Press, University Bookshop, Kongo Conference Hotel and Unibello Farms which are all private liability companies..."[3]

However, as analysed in chapter three, the performances of these companies over the past years have not been encouraging and their financial contribution to the University, if any have not been meaningful. A cursery view of their performance supports this.

(i) ABU Bookshop Ltd. From all indications this company is considered as a service to the University Community in terms of providing relatively cheap and good quality stationary, books and other educational materials to students and staff children. If meaningful financial contribution to the University is expected then more funds need to be injected into the company to improve its capital base for expansion of its operations. The management will have to be more profit oriented.

However, the University does not have the required funds to inject into the company and the only viable option is probably to privatise it. Individuals and organisations may be invited to buy shares and this will be in line with the Federal Government's policy of Commercialisation and Privatisation of Government owned companies.

(ii) ABU Press Ltd. The initial concept of this company is service unit to the University. The idea of profit motive came much later and except for a single contribution of ₦300,000 to the University, the company has not made any financial contribution . The only obvious advantage is convenience of printing documents for the University both in terms of security of documents and provision of service on credit.

Additional funds are required to expand the company's operations beyond ABU jobs and more forward looking management will assist if the company is to supplement the University with funds. Similarly, privatisation may provide the answer to all this.

(iii) ABUCONS Ltd. There is a lot of potentials in this company. It is the only venture that has helped the University with some financial contributions, although not large enough to make any impact. However, except for 1992 the company has been making losses from its operations since its establishment. It is only in 1992

that the company made a net profit of N367,662 from a turnover of N6,224,413. This is just 6% of the turnover.

If proper management is put in place to operate the company just like any other private consultancy outfit the company can make substancial profit for the University. There is a concerted effort by the University to move the company out of the University premises and recruitment of capable hands from among the professionals in the field to manage its operations. These will certainly improve the operations of the company.

A number of the company staff including the Managing Director are staff of the University and on the University payroll. This situation should be discontinued and refund of their salaries and allowances be made by the company to the University cofers.

(iv) Kongo Conference Hotel Ltd. This company is jointly owned by the University (80%) and NNDC Ltd (20%). The management is in the hands of Arewa Hotels Ltd, a professional hotel management outfit and a subsidiary of NNDC Ltd. Since the inception of the company it had been making losses except for the recent years (1990 - 1992) when it realised profits.

The company has been able to provide convenient services to the University in terms of accommodation and feeding for its guests and conference facilities at credit. With the recent visible improvements in the

University funding the outstanding debts against the University have all been settled to the company. This will no doubt enhance the operations of the company. The Board of Directors recently approved capital restructure of the company whereby the N3 million loan is converted into preference share capital which is intended to assist the company's financial operations.

However, the company has not been able to make any financial contribution to the University. With the profits coming, the company should be encouraged to assist the University financially. Its recently approved budget has provided for substantial capital work, including provision of refregrators to all rooms which will enhance its occupancy. With effect from 1993 the room rates have been reviewed as follows:-

	Room Type	Old Rate	New Rate
1.	Economy Double	300	450
2.	Standard Double	450	550
3.	Luxury Suit	650	800
4.	V. I. P.	850	1,000

Source: Approved budget proposal for 1993.

The management of the hotel was granted approval by the Board to pay 10% of the company's turn over to the owners as contribution. Over N500,000 will be accruing to ABU from this arrangement as per the 1993 budget turn over. The company should be encouraged in its efforts to attract more customers with improved services. The planned renovation and other capital expenditure should

be executed and the satelite facilities be put in place. All these will enhance the profitability of the hotel.

(v) Unibello Farms Ltd. This has never taken off and rightly the University Council directed that it be wound up voluntarily. Further expenditure on the venture should therefore be discontinued henceforth. The facilities should be used strictly for teaching and research.

(vi) ABU Community Bank Ltd. ABU established a Community Bank for its Community and that of Samaru village. The shareholding is 75% by the four companies of the University while other private individuals hold the balance of 25%. The Bank commenced operations in September 1992 with the following paid up capital structure:-

Shareholder	No of Shares of N1 each
ABUCONS Lid.	250,000
Kongo Conference Hotel Ltd	200,000
ABU Press Ltd	150,000
ABU Bookshop Ltd	100,000
	700,000
Private Individuals	300,000
Total	1,000,000

The National Board for Community Banks (NBCB) is yet to pay the required matching capital of one to one to the Bank.

The bank should be insulated from the University management interference in its day to day operations. Although the board of the company is dominated by ABU Management, the presence of private individuals may be an inspiration. The day to day management should be independent enough to operate like a commercial bank.

These outfits will surely provide meaningful financial assistance to the University which will go a long way in supplementing its external funding. However, no matter how much ABU is able to generate internally, the fact still remains that Government has to fund University education adequately to ensure the training of our young men and women for meaningful national development. The most important point is to ensure that adequate funding is sustained and Universities are insulated from future effects of inflation, devaluation of our national currency and other adverse economic happenings.

Universities on their part should ensure effective utilisation of the funds made available to them and provide proper accountability.

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Appendix (i)

A.B.U. TOTAL FUNDING 1983 - 1992

	N.U.C.		N.S. G. (₦)		Total		
YEAR	M/C	DAC	IOA	IOE	NUC	NSG	Total
1983	48,591,730	-	401,500	-	48,591,730	401,500	48,993,230
1984	56,379,037	-	511,818	-	56,379,037	511,818	56,890,855
1985	63.160,069	-	575,000	440,852	63,160,069	1,015,852	64,175,921
1986	60,132,919	-	476,000	-	60,132,919	476,000	60,608,919
1987	53,894,136	-	525,000	397,800	53,894,136	922,800	54,816,936
1988	61,670,793	-	475,000	-	61,670,793	475,000	62,145,793
1989	71,087,931	-	550,000	-	72,087,931	550,000	72,637,931
1990	70,950,088	-	599,750	-	70,950,088	599,750	71,549,838
1991	53,699,818	-	1,100,000	-	53,699,818	1,100,000	54,799,818
1992	82,247,135	5,648,484	800,000	-	87,895,619	800,000	88,495,619
Total	622,813,656	5,648,484	5,814,068	838,652	628,462,140	6,652,720	635,114,860

Appendix (ii)

A.B.U. TOTAL INTERNAL REVENUE 1983 - 1992

(N)

Year	M/C	SAD	IOA	IOE	DAC	Total
1983	3,092,180	2,099,054	988,351	738,516	857,745	7,773,846
1984	4,221,964	2,099,054	888,000	981,351	646,210	8,796,579
1985	3,635,116	1,348,448	710,880	1,008,854	713,034	7,416,332
1986	6,017,993	1,905,270	909,316	880,851	836,365	10,549,795
1987	5,149,725	1,940,172	1,008,189	1,393,151	804,703	10,295,940
1988	5,928,891	1,597,729	1,221,065	1,250,988	895,237	10,893,910
1989	5,979,573	1,945,188	1,040,032	1,219,285	1,334,277	11,518,333
1990	6,949,404	764,875	815,581	4,179,434	1,000,991	13,710,285
1991	8,762,853	2,020,737	1,284,810	5,398,281	1,426,708	16,891,387
1992	7,258,197	3,474,164	1,585,601	4,112,588	1,477,741	17,909,289
Total	54,995,896	19,194,689	10,430,825	21,141,277	9,993,009	115,755,876

Source: Audited Accounts for 1983 - 1991 & Draft Accounts for 1992

Appendix (iii)

A.B.U. TOTAL RECURRENT EXPENDITURE 1983 - 1992

Year	M/C	SAD	(₦) IOA	IOE	DAC	Total
1983	41,327,100	7,657,749	5,570,866	7,047,917	3,541,379	65,145,011
1984	38,598,419	7,388,774	5,343,307	6,346,351	3,626,490	61,303,341
1985	47,177,674*	2,821,270	4,774,687	6,378,918	3,329,431	64,481,980
1986	44,958,017	1,288,097	4,774,687	6,378,918	3,362,241	60,293,342
1987	58,037,335	1,416,723	4,703,941	5,817,012	3,424,300	73,399,401
1988	59,117,400	1,534,511	5,000,219	6,085,196	3,495,532	75,232,858
1989	68,168,982	2,341,276	7,251,815	8,533,038	4,953,384	91,248,495
1990	80,859,846	2,956,074	8,733,627	8,042,573	4,995,383	105,587,503
1991	70,808,970	3,523,126	8,300,985	5,315,262	6,279,911	94,228,254
1992	100,977,152	4,586,136	13,209,874	5,297,523	7,857,617	131,928,302
Total	610,030,985	35,513,736	67,397,300	65,040,888	44,865,668	822,848,487

*Incluses grant to Abubakar Tafawa Balewa College (ATBC), now Abubakar Tafawa Balewa University (ATBU) Bauchi.

Source:- *Audited Accounts for 1983 - 1991 and Draft Accounts for 1992*

Appendix (iv)

A.B.U. REVENUE AND EXPENDITURE (GRAND TOTAL) 1983 - 1992

(₦)

Year	Ext. Grant	Int. Revenue	Total Revenue	Total Exp.	Surplus(Deficit)
1983	48,993,230	7,773,846	56,767,076	65,145,011	(8,377,935)
1984	56,890,855	8,796,579	65,687,434	61,303,341	4,384,093
1985	64,175,921	7,416,332	71,592,253	64,481,980	7,110,273
1986	60,608,919	10,549,795	71,158,714	60,293,342	10,865,372
1987	54,816,936	10,295,940	65,112,876	73,399,401	(8,286,525)
1988	62,145,793	10,893,910	73,039,703	75,232,858	(2,193,155)
1989	72,637,931	11,518,333	84,156,264	91,248,495	(7,092,231)
1990	71,549,838	13,710,285	85,260,123	105,587,503	(20,327,380)
1991	54,799,818	16,891,367	71,691,185	94,228,254	(22,537,069)
1992	88,495,619	17,909,289	106,404,908	131,928,302	(25,523,394)
Total	635,114,860	115,755,676	750,870,536	822,848,487	(71,977,951)

Source:- *Audited Accounts for 1983 - 1991 and Draft Account for 1992*

Appendix v

SCHEDULE OF NEW FEES IN ABU 1992/93
(₦)

Course	Tuition	Admin	Registeration	Accommodation	Exam.
Full Time					
1. P/G - Arts & Social Science	750	300	50	120	120
- Acct, Law & Mass Com.	900	300	50	120	120
- Science & Engineering	1050	300	50	120	120
- Business Admin.	2500	300	50	120	120
2. U/G - Agric & Medicine	Free	225	50	90	100
- All other Courses	Free	225	50	120	100
3. Sub-Degree					
- Accounting, Banking Cultural Studies Insurance, Journalism Law	1000	225	70	120	100
- Maths	450	225	70	120	100
- All other Dip. Courses	500	225	70	120	100
- HND-Agric & ADPA	750	225	70	120	100
- Certificate	200	225	70	120	100
- SGRS	800	225	50	120	100
Part-Time					
1. P/G - Arts & Socisl Science	450]	300	50	N/A	120
- Acct., Law & Mass Com.	600]	300	50	N/A	120
- Science & Engineering	650]	300	50	N/A	120
- Business Admin.	5,000]	300	50	N/A	120
2. U/G - Education (Arts)	400]	225	50	N/A	100
- Education(Science)	450]	225	50	N/A	100
- Law	4,000]	225	50	N/A	100