FINANCING HIGHER EDUCATION IN NIGERIA
THE ROLE OF NIGERIAN EDUCATION BANK

BY
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G98BAF7104

A Project Submitted to the Post-Graduate School of the Ahmadu Bello University, Zaria, in Partial Fulfilment of the Requirements for the Award of the Degree of Master of Business Administration (MBA).

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Ahmadu Bello University
Zaria.

November, 1999.

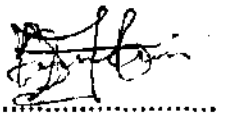
DEDICATION

Dedicated to God Almighty, my redeemer, the giver of life, wisdom, knowledge and understanding.

DECLARATION

I hereby declare that this project report has been written by me, and that it is a record of my own research work. All sources of information and where applicable other writers' views have been duly acknowledged in the Bibliography.

This piece of work has not been previously presented in any form for a higher degree.

FULANI VINCENT		17/02/2008.
NAME OF STUDENT	SIGNATURE	DATE

The above declaration is confirmed by

.....	.....	.....
NAME OF SUPERVISOR	SIGNATURE	DATE

CERTIFICATION

This project report entitled: FINANCING HIGHER EDUCATION IN NIGERIA: THE ROLE OF NIGERIAN EDUCATION BANK BY FULANI VINCENT meets the regulations governing the award of the degree of Master of Business Administration (M.B.A.) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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ACKNOWLEDGEMENT

I am indeed very grateful to my supervisor Mallam S .A. Kariwai and my entire lecturers for their guidance, advice and encouragement before and during the period of this research work.

My special thanks also goes to the entire Management staff of Nigerian Education Bank for allowing me to go for this programme.

I ackonwledge the assistance - cash and kind, from Engineer JATTO of Engineering Department, Federal capital Development Authority (FCDA), Abuja.

I am grateful to the AGM (ops) -Mr M.O.Afolabi and the sectional heads of the Banking Operations Division of Education Bank. Particular mention must be made of Mr. L.E. Eyo, Mr T.Wuya and Mr. A.A. Idris for making relevant documents available for the research work.

In equal terms I want to recognise the contributions of Mrs. T. Malomo, Mr. S. Ezenwa and Mr. A. Ikem for the word processing of this project.

ABSTRACT

That higher education is faced with financial problems in Nigeria is no news in recent years going by the frequent down tools in our institutions of higher learning most of which have their roots on financial demands.

The financial problems of higher education in Nigeria is clearly shown in chapter two of this work . It was observed that the amount approved for and received by our higher institutions in most cases fall short of the amount requested. For instance Ahmadu Bello University, Zaria, in 1981 - 1982 session requested for the sum of N62.389 million, out of which N44,296 million was approved by National Universities Commission (NUC) and the institution actually received N41,532 million which was N20,857 million less than the amount requested. It should be noted that most higher institutions in Nigeria depend on grants from government. However we should not forget that such other sources as tutition fees, donations and endowment funds, revenue yielding projects and, loans (that are not easily come by) from lending agencies like commercial banks because of their high conditionalities are equally available though on a small scale. The combinations of rapid expansion, macro-economic difficulties, and commitments to student support have left government seeking means to relieve budgetary pressures by ensuring student participation in the cost sharing without deterring them from having access to higher education. In addition to the budgetary rationale for mobilising student contributions, recent economic analysis have demonstrated efficiency and equity rationale for recovering at least part of the cost of higher education from students.

In line with the above reasoning that the Nigerian Education Bank was established via Decree 50 of 1993, by the Federal Government of Nigeria to cater for higher education and indeed the entire

educational sector of the economy. The bank (Nigerian Education Bank) has as its clients students who can borrow money to finance their education needs, publishers, researchers and consultants, conference and seminar organisers, lecturers, higher institutions, associations such as old student association and allied parastatals.

However it has been observed that though the whole idea of the bank is sound and welcomed, the purpose for which it was established has not been very much achieved because of lack of sufficient fund for the operation of the revolving loan scheme and poor recovery drive.

In conclusion therefore, practicable recommendations among others were made to include:

(1) A thorough investigation of the purpose and viability of projects to be financed by the Bank should be made before approval is given.

(2) investigation and confirmation of the permanent home addresses of successful loan applicants and their guarators before the disbursement of loan.

(3) Proper documentation of agreements reached between the bank and its clients.

(4) Injection of more fund into the revolving loan scheme by the Federal government.

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CHAPTER ONE

1.0 BACKGROUND TO THE STUDY

Given the growing demand for access to higher education, and the declining quality and availability of resources from governments, many governments, particularly in developing countries, have attempted to increase students contributions. In many instances however, governments have encountered problems increasing students contribution without the object of deterring access among lower income students. Despite clear economic and financial rationale, tuition increases can be difficult to implement because of the inability of many students (and their parents) to pay fees out of their current low income. Many economists have advocated students loan programs as a means to increase private contributions while also preserving access.

The first attempt to set up formal students loans scheme in Nigeria was in 1972 when the Federal Government decided to establish an independent statutory body - Nigerian Students Loans Board, via Decree No 25 of 1972, and the modified Decree No. 21 of 1976, charged with the responsibility of helping to finance, in the form of loans the education of indigent Nigerian students in institutions of higher learning both within and outside the country.

It should be noted that Nigerian Education Bank evolved from the Nigerian Students Loans Board via Decree 50 of 1993.

Having signed into law the Decree No 50 establishing Education Bank since 1993 and infrastructures in place for its taking off, my interest is to investigate the operations of Nigerian students Loans Board from which Education Bank evolved so as to be able to establish the reasons for the inability

of Education Bank to eradicate indigence from among students of Higher Institutions in Nigeria and suggest possible solutions for a more effective and efficient Education Bank.

1.1 STATEMENT OF THE PROBLEM

Inability of the Nigerian Education Bank to eradicate indigence from among students in the various institutions of higher learning in Nigeria by granting loans and recovering such loans at maturity.

1.2 SCOPE OF STUDY

The study will investigate students loan administration-disbursement and recovery of the Bank between 1990 and 1998.

1.3 ASSUMPTIONS

- Inadequate capital base
- Inability to recover matured loans.
- Diversion of funds ment for loan revolving scheme.

1.4 PURPOSE/OBECTIVE OF THE STUDY

The purpose of the study is to investiage the operations of the Nigerian students loans Board from which Education Bank evolved so as to be able to identify the reasons for the inability of Education Bank to perform the basic function of eradicating indigence from among students of higher institutions and map out strategies to avoid a repeat of such operational deficiency by the Nigerian Education Bank.

1.5 LIMITATIONS AND DELIMITATION

The limitations encountered in the course of this study are as follow:

The closure of Universities , Polytechnics and Colleges of Education as a result of Academic staff Union of universities (ASUU), Academic staff Union of Polytehnics (ASUP) and Academic staff Unions of Colleges of Education (ASUCOE) strikes during the period of the study made it impossible to get the

cooperation of students of such insitutions to answer some pertinent questions relating to the operations of Nigerian Education Bank. Also most of the Loan beneficiaries have since graduated and their correct contact addresses not readily available.

Another limitation was finance. The researcher was on self sponsorship after his main source of income (monthly salary) was stopped because of the MBA programme. The financial limitation made it impossible for me to be able to travel to most of the higher institutions across the country to get some of the informations required and to visit some of the graduated loan beneficiaries.

Absence of record on the number of loan applicants and the quantum of their requests.

Inspite of the above constraints, the study has been carried out successfully with the information supplied by the sectional heads of the loans department of the organisation.

1.6 DEFINITION OF TERMS

FINANCING HIGHER EDUCATION - The term financing Higher Education in Nigeria embraces all those factors that influence the availability of funds for the proper runing and efficient operation of higher education system in the country. These include the funds that are available to the students for proper upkeep in terms of living and or tuition fees required for effective studies, and to the institutions for the finance of the various apparatus that make for effective performance of higher institutions.

ROLE-Role as it is used in the project topic denotes the filling of the gap that is created between the funds requested/recommended and funds actually received by higher institutions and students in Nigeria.

NIGERIAN EDUCATION BANK - The Nigerian Education Bank is a development bank established by the Federal Government of Nigeria to finance the educational sector of the economy.

CHAPTER TWO

2.0 AN ANALYTICAL HISTORY OF HIGHER EDUCATION FINANCING IN NIGERIA

2.1 INTRODUCTION

This chapter deals with a survey to establish time and value trends of resources that have in the past been available to Nigeria's higher educational institutions and their students with a view to establishing the adequacy or otherwise of such resources in nourishing higher education.

The analysis in this study covers two distinct periods: 1962 - 1975 for the first generation universities and from 1975 - 1990 for all institutions of higher education. It was during this period that serious departures from perception of Ashby as regards enrolment, the number of institutions and so on became conspicuous. For instance prof. E.J. Chuta (1995) observed that "from a figure of 1,395 students in two institutions in 1960/61, enrolment reached a total of 180,871 in 31 universities in 1989/90. Enrolment in technical institutes/colleges rose from 3000 in 1960 to 72,681 in 1989. On the whole total enrolment in tertiary institutions (universities, polytechnics and colleges of Education) increased from 4,395 in 1960/61 to 360,000 in 1990 . Underfunding is identified as a major problem of higher education in Nigeria today. "The funding problem took root from the Federal Government assumption of proprietorship of all Nigerian universities in existence in 1975. Prior to that time higher institutions could be said to be adequately funded, or at least to be in a position to 'cut their coats according to the available cloth' " Longe commission Report (1990). It was noted in the same report that the year 1975 marked a watershed in the economic history of Nigeria. In that year Nigeria

reached the peak of import dependence. Massive construction of projects were embarked upon, Productivity declined. The "national cake" syndrome reached its crescendo. In the meantime increased revenue from oil led the Federal Government to expose itself to a massive expenditure load in the mistaken belief that the situation would persist into the foreseeable future.

The commission noted that from the late 70's the Federal Government had been well aware of the deterioration in funding education in general and higher education in particular. From that time a number of Committees/Study Groups had been set up to examine the problems of funding of education and make recommendations. Among reports produced were the following.

(i) Ogundeko Report (1978) on University Finances

(ii) Cookey Report (1981) on Salary and Conditions of Services of University staff; and

(iii) The Fafunwa Report (1984) on Funding Education.

2.2 REVIEW OF FUNDING OF HIGHER EDUCATION IN NIGERIA

It is common knowledge that the people of Nigeria attach great importance to the education of their children. The contribution by Government, Voluntary Agencies and individuals has varied from time to time, but each has contributed immensely in its own way.

Prior to 1932 when Yaba Higher College was established, funding of persons seeking higher education was entirely by individuals and groups such as Town Unions, Family, Group/clubs and societies. Voluntary agencies supported persons who went for training in education and religious studies whom they expected to return to serve as priests or teachers in voluntary agency schools.

With the establishment of Yaba Higher College, the colonial government began to pay some attention to the funding of higher education. According to

Fafunwa (1984), the government was responsible for about 90 percent of total expenditure, and student fees amounted to less than 2 percent. "Longe Report (1990) claimed that the college always complained to the government that the sum made available was insufficient". Underfunding of higher education is not therefore a new phenomenon in Nigeria.

Yaba Higher College was under the direct control of the Government Department of Education. Although no fees were charged when the college opened in 1932, full tuition and boarding fees were introduced in 1938 and fixed at E50.00 per annum. (a sum that only few Nigerians could afford at that time). Consequently only few paid, whilst others were sponsored by voluntary agencies or communities and individuals, provided they agreed to serve the sponsors in one form or the other after the completion of their courses. It is important to note that as far back as 1938, it was thought desirable to charge fees because according to the authorities:

"It was realised that unless the principle of fees was established, it would become increasingly difficult to collect them in the future", Longe Report (1990).

Funding of the University College, Ibadan, the first university with appropriate autonomy and independence in Nigeria, was different from that of Yaba Higher College. Its provisional council was constituted in 1948 and had powers to receive grants or donations from any source whatever, and to expand such sums as it might deem expedient. The two main sources of funds at the start were the Nigerian Government (70 per cent) and the United Kingdom Government (30 percent) (Longe Report 1990). The Nigeria Cocoa Marketing Board made an endowment of E1,000,000 to the faculty of Agriculture in 1950. Of this amount, E50,000 was used for the construction of the initial building of the Faculty. The balance was invested in government

securities, and for about 5 years the recurrent expenditure of the Faculty was met entirely from the interest on the endowment.

According to Fafunwa (1969), a sizeable amount of E61,000 was given by United African Company Limited for the building of the Assembly hall now known as Trenchard Hall. This constituted the earliest sizeable contribution of the private sector to University funding.

It is claimed in the Longe report (1990) that in the early period 1948 - 55 University college, Ibadan was adequately funded in practically all aspects of teaching, research and student welfare. The early years of the university of Nigeria, Nsukka, Ahmadu Bello University Zaria and the University of Ife (now Obafemi Awolowo University) were also characterised by the adequate funding of these institutions. Students were required to pay tuition and boarding fees as was the case with Yaba Higher College. However, a large proportion of the students received financial assistance from the Universities, and a variety of outside agencies.

Research activities began from the very inception of the University college, Ibadan. Here again funding was generous and reliable as all researchers appeared to receive whatever facilities they required. Soon, research articles from Ibadan in all disciplines ranging from classics and Religious studies to science, Medicine and Agriculture appeared in international journals in the United Kingdom and the United States of America. This immediately led to the receipt of generous grants from foundations from all over the world, and indeed to the formidable academic image rapidly acquired by Ibadan in the world of learning.

In the early days the university college, Ibadan, being the only institution of higher learning in the country at that time, got all the funds available for higher education in Nigeria. Longe Report (1990). The subsequent creation of

more institutions put greater pressure on the sources of funds for higher education. But, in spite of this, in 1976 the Federal Government not only abolished the payment of fees by students in higher institutions who up till then had paid tuition, accommodation, feeding, library, sports and examination fees, but went further to subsidize the cost of feeding of students to the extent of 50 per cent.

The review of the funding of universities between 1962 and 1975 will cover only the first generation universities comprising the two Federal Universities (Ibadan and Lagos), and four universities established and funded by the Regional Governments. Data relating to two of the universities Ahmadu Bello University, Zaria (then a Regional University and the University of Ibadan (a Federal University) are shown in Appendix 2.1 for the period 1963 - 1976. It is important to note that for ABU Zaria up to 1975 there was no substantial difference between the amount requested and the 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 up until 1975 - 1976 when for the first time the amount received was 20 per cent lower than that requested. Longe Report (1990).

In the same Appendix, the university of Ibadan data on amounts received and actual expenditure is shown. There is every reason to believe that the pattern would be similar to that of ABU, but in addition it was discovered that the actual expenditure sometimes exceeded the amount received from government, thus indicating extra sources of funding. This is particularly striking for example in 1968/69, when only N2.305 million was received but N6.907 million was expended. It is possible that these extra bonuses came from foreign aid and students fees.

In Appendix 2.2 the data for ABU and Ibadan represent the funding trend of first generation Federal Universities for the period 1981 - 1991. Unlike the period 1962-1974, there was an observed wide gap between amounts requested and amounts actually received. This trend continued with the emergence of the second and third generation universities and remains so today. Appendix 2.3 shows the combined funding through the 10 years period 1980 - 1990. Appendix 2.4 also shows the recurrent and capital allocations to all Federal Universities over the 20 years period 1970-1990, and Appendixes 2.5A and 2.5B reflect similar data on all Federal Universities, grouped by generation over the 15 year period 1976 1991. The problem of underfunding is clearly demonstrated in these Tables and must be considered side by side with such compounding factors as a phenomenal increase in students enrolment, the buffeting storms of inflation and the rapid decline in the value of the Naira consequent upon the institution of the Structural Adjustment Programme (SAP) in 1986.

Indeed, the illustration that accompany Tables 2.3 and 2.4 have taken into account the indices of depreciation of the Naira from 1985, again emphasizing the marked decrease in allocation to the universities with the commencement of SAP. It can also be noted from table 2.5A and 2.5 B that the fortunes of the groups of universities varied, in terms of source allocation.

According to Longe Report (1990), Funding the Nigerian College of Arts, Science and Technology which had branches in Zaria (1952), Ibadan (1954) and Enugu (1955) was by the Nigerian Government, with some aid from the United Kingdom Colonial Development and Welfare Funds. Tuition and boarding fees were charged in all the institutions. All the three were absorbed by the Ahmadu Bello University, University of Ife, and University of Nigeria respectively in 1962. During the period 1975 - 1980, the Federal Government provided a 50/50 matching grant to state Polytechnics.

The Funding of Federal Polytechnics is now undertaken through the National Board for Technical Education(NBTE). Appendix 2.6 shows the funding profile of 10 Federal Polytechnics from 1980 to 1990. Since tuition fees are not paid in Federal Polytechnics, internally generated revenue would consist of such items as boarding fees, sales of forms and miscellaneous.

The National Commission for Colleges of Education (NCCE) took over the funding of Federal Colleges of Education. Appendix 2.7 shows the funding data for the 1990 year as provided by the NCCE. The grants received against students enrolment show that the unit cost in Colleges of Education is about the same as for universities and Polytechnics.

However, it can be observed that, unit costs tend to rise with low student enrolment, as is demonstrated by reference to the data on FCES in Gusau, Potiskum, Bichi and Asaba.

Funding of the colleges of Agriculture which began as schools of Agriculture was by the appropriate Ministries until the creation of the Federal Ministry of science and Technology in 1979. the schools became arms of the Research Institutes which were transferred from the Ministry of Science and Technology. Long Report (1990).

S.D. Akangbou (1987), discussed financing of higher education under two broad sub headings:- educational institutions, and individuals. He identified five different sources of financing educational institutions in Nigeria to include: payment of tuition fees by students, government subventions (grants), donations and /or endowment funds, loans and revenue from projects

2.3.0 FINANCING HIGHER INSTITUTIONS

2.3.1 TUITION FEES

In Nigeria, this source of funding of educational institutions used to be very important in the past, he claimed. Up to 1976, undergraduate students paid tuition and other fees in higher institutions. Of recent however tuition fee in the federal institutions has been discouraged or stop outrightly.

His recency may not have included the later parts of 1980s and 1990s since the tuition fee has been on the increase and a major source.

2.3.2 GOVERNMENT SUBVENTIONS (GRANTS)

Educational Institutions that are publicly owned depend on the owner government for finance. This method of funding higher education is usually very important because in most, if not all countries, education is seen as a social service and government allocate a sizeable proportion of their annual budgets to the provision and financing of higher education in particular and education in general.

Government subventions (grants) is usually either a lump sum or a percapital grant. It is lump sum when the government decides to cater for some items of expenditure incurred by the institutions of higher learning.

Examples of such expenditures are the payment of academic and non academic salaries and allowances and purchase of other educational goods and services. Sometimes governments decide to provide grants that are related to the number of students in the institution. Government subventions (grants) form a very substantial proportion of the finance that is available for use by higher institutions in Nigeria.

However, Prof. E.J. Chuta (1995) observed that financial resources available to governments have failed to cope with the growth in education and the demand of the competing ends. For example, data on sectorial budget provisions show that the Federal Government of Nigeria recurrent allocation to education as a percentage of total budget declined from 32% in 1979/80 fiscal year to 20% in 1990 and further to about 14% in 1991. Also, at the subsectural level, capital and recurrent allocations to the Universities have fluctuated, especially between 1981 and 1987. For Example, capital allocation declined from approximately N350 million in 1981 to about N120 million in 1987 while recurrent expenditure declined from N334 million to N304 million during the same period.

It should however be noted that education carries the highest allocation in the next year's (2000) budget proposal submitted to the legislature for approval by president Olusegun Obasanjo.

2.3.3 DONATIONS AND ENDOWMENT FUNDS

Higher institutions of learning in Nigeria have been in the past financed through donations and endowment funds. These donations are made by governments, communities, organisations, and individuals who are eager to contribute to the upliftment of education in their states or nation. Donations to higher institutions have been quite small. However in the past, substantial donations were received from foreign organisations like the United Nations Educational Scientific and Cultural Organisation (UNESCO), the Ford Foundation, Canadian International Development Association (CIDA) etc. Unfortunately, these agencies contribution declined in the seventies when Nigeria's oil wealth gave the impression that such aids were no longer necessary; and in the present age the adverse effect of economic recession

being experienced by Nigeria made it difficult for some individual organisations to make meaningful donations.

On the other hand, endowment funds are a recent introduction to assist educational establishments especially tertiary institutions in executing their development plans. Nigerian higher institutions have for sometime been launching endowment funds but unfortunately, very little has been realised from these launchings.

2.3.4 LOANS

Loans are usually granted by lending agencies like commercial banks when there is a guarantee from the government or some reputable organisations that such loans will be repaid by them in case of default. S.D. Akangbou (1987) claimed few higher institutions have taken loans from banks to pay salaries of their workers in the past with the hope of repaying when they receive their subventions from the government. The only problem here is that most higher institutions programmes are not profit making nor revenue yielding. Thus lending agencies are usually unwilling to provide loans to them. Since this source is not frequent, it therefore constitutes a minute proportion of financing method.

2.3.5 REVENUE YIELDING PROJECTS

Another method of financing higher education in the past was through revenue yielding projects. such revenue yielding projects are establishment of book-shops, consultancy services, farms, hotel and catering services, among others. Most higher Institutions have gone into these projects in recent times with the hope of diversifying their sources of educational funds. Although such efforts are commendable the evidences show that up to the present time, this method of finance is still very insignificant. However, there is some hope that it could play a greater role in the future when government is forced to reduce its

grants (subventions) due to increased pressures from other sectors of the economy.

2.4.0 FINANCING THE INDIVIDUAL'S EDUCATION.

The education enterprise involves the direct participation of both the government and the individual. Whilst government is concerned about the provision of schools universities etc the individual is concerned with the provision of adequate facilities for himself that will make learning comfortable. In this regard he has to fund his education. This he does through parental / relatives contributions, scholarships, loans.

2.4.1 SPONSORSHIP BY PARENTS AND RELATIVES

Parents do see the provision of education to their children as part of their life duties to them and so, they try to make it possible for the funds required for such training to be made available. In some cases when parents are extremely poor, they contact relatives to assist in the training of their children. In Nigeria it is common to see parents send some of their children to their relatively richer brothers, sisters and cousins to train. When this is not possible the training of the children is programmed in such a way that the first child is trained to a certain level and asked to take up a job to train the younger ones. When this form of private sponsorship of education is not available the individual may resort to loans. The limitations on educational loans include borrower's risk, since the student is often uncertain of his abilities. They also include lender's risk since human capital is not usually effective collateral for loans especially for low income families.

2.4.2 LOANS

Individuals occasionally fund their education by borrowing from relatives or local money lenders. These money lenders however charge very exorbitant interest rates that make the use of loans rather unattractive. Therefore, loans by

individuals are taken only as the last resort. In a few situations co-operative or community associations do grant loans from which children of members benefit and in this case interest rates are quite manageable. The best lending option available to Nigerian Students at higher institutions was the loans granted by the defunct Nigerian Students Loans Board. This Board granted loans of varying amounts to deserving Nigerians to study at local or overseas institutions of higher learning. However the loan from this Board was not able to spread over larger proportion of students in higher institutions because of inadequate capital base to operate the loan revolving scheme, and the refusal of beneficiaries to repay the loans granted to them so as to make it possible for the Board to extend her services to other deserving students. Akangbou S.D. (1987).

2.4.3 SCHOLARSHIP AND BURSARIES

Scholarship and Bursaries are provided to individual students in higher institutions by both federal government and states of the federation to their indigent students. The Federal Scholarship Board set up by the Federal Government of Nigeria has awarded Scholarships to many students of higher institutions. The states do grant bursaries to their deserving students in higher learning institutions. These bursaries are usually of a fixed amount irrespective of the programme of study being undertaken.

Prof. E.J. Chuta (1995) observed that "Until the 1975/76 academic year federal bursary awards covered both undergradute and post- graduate courses tenable locally and overseas. From 1976/77. it was limited to only post-graduate students. The Federal government in 1993 provided about N2415.00 per year for each post-graduate students as scholarship and over N2000.00 per year as allowance for maintenance, book, thesis, travel and special equipment.... As in many countries, financing education in Nigeria by means of scholarship has always been costly, for example, between 1980 and 1984, Post-graduate

Scholarship award cost the federal and state governments over N206 million. But while the student population is increasing geometrically, the number of federal and state government bursaries/scholarships is declining. For example, available statistics according to prof. E.J. Chuta (1995) show that the federal government scholarship for under-graduates that went up by 78% (from 1,859 awards in 1972 to 8,520 in 1976) dropped to zero in 1977 representing a quantum decline of 358%. The post-graduate awards that continued to oscillate also dropped from 2,000 in 1976 to 961 in 1992/93.

In the chief G.A.E Longe CFR'S main commission report on Higher Education in the Nineties and beyond, it was recognised that "there is a certain urgency to devise methods to ensure the steady flow of resources into higher educational institutions so that they may fulfil the national aspirations for which the institutions were established. It is only by finding a permanent cure for it that the higher educational system in Nigeria can be saved from total collapse or may be given an opportunity for survival and renewal.

It is on record that it is apparent that the needs of our universities cannot be met from government sources alone. (Guidline for National Rolling Plan, 1992).

2.5 ORIGIN OF THE NIGERIAN EDUCATION BANK

The Nigerian Students Loans Board was a parastatal established by the Federal Military Government via Decree No 25 of 1972. The Board was formally inaugurated on the 10th May, 1973 by the then Federal Commissioner for Education. The Board as established under this Decree was charged with the responsibility of eradicating indigence from among students in Nigeria various institution of higher learning by granting loans and recovering such loans at maturity. Before independence in 1960, the British colonial Government and later the Federal Government operated a form of loan scheme for the

benefit of Nigerians who could not gain government scholarship. The awards made then were mainly on academic merit, and their purpose was to cater for the interest of a number of Nigerian Students, who for one reason or the other did not win scholarship but who possessed sufficient academic ability as well as good character. Many Nigerians no doubt benefited from the scheme. It transpired however that repayment of such loans by the benefited students, was not encouraging. For this reason the impetus for progress on this scheme was lost for a while.

In addition to the above, the institution was not capable of reaching the generality of Nigerians that needed its services. A body was consequently commissioned to seek the feasibility of establishing a body which would assist the Nigerian Students without further financial disappointments. Consequent upon this the Nigerian Students Loans Board was established. The Nigerian Students Loans Board in essence is to carry out:

(a) Granting of loans to indigent students;

(b) Recovering same from the students after they shall have completed their studies, and obtained gainful employment;

(c) Establishment and administration of a fund to be known as Revolving Loan Fund from which such loan awards could be made to deserving students;

(d) Eradicating government losses through inability of indigent students to utilise the places offered to them by various universities and other institution of higher learning;

(e) Investment of funds in order to re-generate more funds with which to award more loans; and

(f) Acquiring properties in pursuit of the Boards objectives.

It should be noted That the function of the Board was internationalised via Decree No 21 of 1976. In the same year (1976) a sum of N2.55 million was transferred to about thirteen (13) student centres (Foreign Diplomatic Missions) abroad including United Kingdom, United States of America, Canada, France, India, Rome Accra etc. Over time, the number of these student centres grew to 36. But in the year 1985, due to the economic adjustment programme of the Federal Military Government the number of such centres was cut down by eight, while in 1989, the number was further reduced to two - London and Newyork.

Decrees No 25 of 1972, and N0 21 of 1976 were repealed in 1988 and a new Decree No 12 of 1988 was promulgated. The new Decree gave the Board more room and power to operate and to take care of some inherent loop-holes in the former Decrees. Some of the highlights of the Decree were:
Establishment of the Headquarters at Abuja, three Zonal offices at Akure, Bauchi and PortHarcourt and an area office in each of the states capital of the Federation. More power to recover loans given out when they are matured for repayment. The Decree empowers the Board to take any legal action on a defaulter, power to obtain information from any source concerning loan given out, power to make employers to make deductions from the emoluments of their employees who are loan beneficiaries. The Board also reserved the right to make an employer answerable if he fails to make deductions from a beneficiary's emoluments.

In April 1989, the Governing Council, which took over the affairs of the defunct Students Loans Board was inaugurated and the reconstituted Students Loans Board was upgraded to a grade A parastatals. In his inaugural address, the then Minister of Education, Prof. Jubril Aminu posed a challenge to the defunct Governing Council to take all necessary steps to establish an Education Bank. Such a bank he emphasized should function like the Federal Mortgage

Bank, the NIgerian Bank for Commerce and Industry and the Nigerian Industrial Development Bank. Consequently, necessary machinery was put in place to establish the Nigerian Education Bank which ultimately, came into being by the signing into law by Mr president, Decree No.50, on the 16th of June 1993.

2.6 THE POWERS OF EDUCATION BANK

The Bank can borrow from any source any money required for meeting its obligations and discharging its functions under the Decree N0. 50.,1993. The Bank has power to secure the repayment of any money borrowed by it in such manner as the Bank may think fit and in particular, by the issue of debentures charge upon all or any of the properties of the Bank, and shall also have power to purchase, redeem and pay up those securities.

The Bank also has power to receive grants loans and advances and other money on deposit from the Federal Government, the Central Bank of Nigeria, International Finance Organisations and any other bank and from the public under such terms and conditions as may be approved by the Board of Directors, The Bank will have to obtain soft loans or grants from appropriate sources to enable it operate special credit lines for book publishing, financing of academic facilities or various forms of educational loans at low rates of interest. Edubank has power to receive grants in order to disburse bursaries, scholarships, fellowships or finance academic chair in tertiary institutions following specified guidelines. It is envisaged That the Nigerian Education Bank will serve as depository of most funds meant for educational development. that of course includes returns on the 2% Higher Education Tax.

The Federal Government may guarantee in such manner and on such terms as it may deem fit the redemption and the payment of any interest on any debenture stock or loan raised by the Bank from international development agencies. Edubank is however not unaware that these facilities are not a

substitute for more self-reliant structural adjustments that are needed to prudently take advantage of any external sources of funding.

2.7 THE RATIONALE FOR EDUCATION BANK IN NIGRIA

(a) Increasing demand for education which has overstretched scarce government resources.

(b) Increasing cost of funding education due to inflationary rate.

(c) Dwindling government allocation to education, arising from the increasing demand for public funds by other competing sectors of the economy.

(d) The need to evolve a system of cost sharing of educational expenditure between the public and private sectors.

2.8 THE FUNCTIONS OF EDUCATION BANK

The Education Bank is a specilized financial institution whose primary focus is to promote educational development in the country. It is believed to be a novel specie which will engage in the following services and operations:

The primary functions of the Bank include the approval, disbursement and recovery of funds. specifically, the Bank will offer the following functions to the educational sector of the country:

(i) To grant loans to students to finance their education in higher institutions which would be repaid from their future enhanced income at a liberal interest rate. Since students loans is a major product of the Education Bank especially at the tertiary level, the Nigerian Education Bank shall evolve innovative policy for loans administration to ensure "recoverability" and "revolveability" of loans disbursed.

Loans to undergraduates will be designed with due consideration to the likely debt burden to be incurred. Ultimately, loan

disbursement will have to be tailored primarily to repayment potentials. Meaningful constraints would have to be imposed on borrowing limits, grace periods, duration of repayment, and deferment possibilities.

The needs of students vary with the type of course being taken (professional, non-professional), programme offered (non- degree, undergraduate, etc) and the duration of programme. Loans will be structured to meet the higher cost of education for students in professional courses such as medicine, law, accountancy, architecture, quantity surveying, etc. Graduate students will need specific credit lines to meet their needs. For Distant Learning Students and those on sandwich programmes who are employed, methods of payroll deductions, with tolerable or acceptable levels of debt burden will be established to determine manageable repayment rate.

(ii) To assist authors in financing their book printing and publications locally. For book publishers, the bank would have to undertake editorial review of manuscripts drawing from its lists of resource persons for the various subject matter areas to ensure relevance of text materials and acceptable quality. A detailed costing of the printing and publishing will be undertaken to assess the feasibility of the project and margin of profit to both the author and publisher, establish marketing arrangements and sign publishing agreements, spelling out repayment plans. Where the launching of published books have to be undertaken Edubank will be present to collect the funds lent for publishing. Edubank could in future established a book publishing subsidiary. Edubank could

also undertake joint financing of publishing with major education parastatals like the Nigerian Education Research and Development Council, an organisation that has vast facilities for publishing but with very meagre financial resources to undertake publishing of text books especially at the tertiary level.

(iii) To aid academician in their educational travels for work-shops, conferences, seminars and sabbatical leave where such endeavours are considered viable. Loans to teachers, lecturers and professors for attendance at conference or sabbatical leave abroad will have to be tied to their ascertained remuneration abroad in foreign currency. For such borrowers, accredited references of educational institutions, with arrangements of payroll deductions will have to be worked out.

(iv) To engage and participate in other banking and commercial business, including- leasing, fund management, foreign exchange and letters of credit. Equipment leasing for educational purposes will be of major consideration for Edubank. From the leases point of view, so long as the present values of the stream of future values from leasing an equipment and its current purchase price are equal, it does not matter if the equipment is leased or purchased. However if the present value of the future stream of rental payments exceeds that of the current purchase price of the equipment, a higher opportunity cost is involved and it does not pay to lease. Much depends on whether the leasee has to borrow funds at competitive rates of interest to purchase an equipment or whether a used equipment is under consideration. The leaser

(Edubank) will have to analyse every situation and advice a would be lease.

(v) To promote the mobilization of savings and grants from the public and private sectors for educational investments. Edubank will float various products to mobilize savings at various levels of the school system. Already, reasonable incentives are available for the realization of this goal - competitive interest rates, 200% tax deductible provision in Decree 50, 1993, insurance against future education of children, favourable savings - withdrawal ratio etc. Savings mobilization will be aggressively pursued at every local education authority, state and federal ministries of education and educational institutions (especially tertiary). Parents and Teachers in the entire educational system and the general public will have to take educational insurance policies and imitate savings schemes for their children. Edubank will take deposits and place funds to generate necessary revenue for subsidizing most of its educational lending operations as permitted by law.

(vi) To provide financial advice on educational matters to institutions of higher education, and to parents, students and educational investors. Since Edubank will be the nations educational credit market, it will be in a position to undertake detailed research on the economics and financing of education Analysis of recurrent and capital costs of education, determination of costs and returns to enable cost - benefit analysis of educational investments, and highlighting manpower issues in educational investment will yield beneficial tools for policy and planning in the nations educational system. Alternative methods of funding the educational system

from the private sector, money and capital markets will be surveyed to supplement or complement governments lean and declining resources. In all these effort collaborative studies will be undertaken with organisations such as the Nigerian Educational Research and Development Council, the National Institute for Educational Planning etc.

(vii) Lending for academic facilities such as student hostel, model primary, or secondary schools, purchase plants and equipments etc will have to depend on the feasibility of such projects. Where the cash-flow shows obvious profitability, Edubank could invest as joint or sole financier. Edubank would be interested in financing educational facilities which improve the internal efficiency of the educational system. Edubank could jointly or solely establish and operate the best academic bookshop in the country meeting the needs of pupils/students and parents, teachers from nursery/primary level to tertiary and post-doctoral levels.

(viii) To encourage and promote the development of viable research projects, consultancy services and other relevant ventures within institutions of higher education and research centres.

(ix) To do anything or enter into any transaction which in the opinion of the Board is necessary to ensure the proper performance of its functions under the enabling Decree.

2.9 THE POTENTIAL CUSTOMERS OF THE BANK

The potential customers of the Education Bank would include the following:

(i) Students, who can borrow money through a guarantor to finance their education needs i.e a bereaved university student can borrow

to complete his studies. They can also operate savings account with the bank

(ii) Parents, who can borrow to finance the education of their children or spouse. The samething applies to guardians who can borrow to finance the education of their wards or relations.

(iii) Publishers can also borrow from the bank to publish their materials and undertake research.

(iv) Researchers and Consultants would also be encouraged to patronise the bank.

(v) Conference and Seminar organisers both locally and internationally.

(vi) Lecturers would benefit tremendously as they would be able to finance their sabbatical leave and be able to do meaningful research without financial hindrance.

(vii) Universities and other educational institutions are potential customers in terms of borrow to finance capital projects as well as undertake research.

(viii) Association such as old student Associations, the Nigerian Union of Teachers, Academic Staff Union of Universities etc are potential customers of the bank.

On the whole, the bank's clientele covers the entire society since all agreed that eradication of illiteracy and the promotion of human capital formation are major steps in the development of an economy coporate entities, individuals and organisations stand to gain from the establishment of the education bank.

2.10 THE INCENTIVES AND INTEREST RATES FOR INVESTORS

TheEdubank shall give the following incentives to investors:

(a) Interest or yield on dividends earned by individuals and corporate bodies in respect of deposits, bonds or other investments made in an instrument of the Bank shall be exempt from taxation at a rate of up to 200 per cent;

(b) Parents who participate in the Education Endowment Fund Scheme of the Bank for their children and wards shall be entitled to claim tax deductions at the rate of 200 percent for the total annual instalmental payment made:

(c) Companies whose pensions Fund Schemes are managed by the Bank shall be entitled to tax credits based on the annual increase in the market value of the fund; and

(d) Financial charges, including commission on turnover, interest on overdraft, letter of credit commission charged by the Bank shall be tax deductible at the rate of 200 percent

The loans made by the Bank shall be at the prevailing commercial rates in the country. However, the rate of interest on loans granted to students shall be at such rate and be subsidised by the Federal or state Government to such extent as may, from time to time, be agreed upon by the secretary and the Board.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

It is evident in the preceeding chapter (chapter two) that the financial resources that have in the past available to finance higher education are grossly inadequate hence the need for an efficiently and effectively run Education Bank so that it can adequately close the gap between the financial requrements of students of higher institutions and what is actually available. In this chapter the researcher will outline the ways and manners research into the effectiveness of Nigerian Students Loans Board in students loans administration will be carried out so as to discover short falls if any and advise on how to operate Education Bank for a better result in the area of eradicating indigence among students of higher institutions in Nigeria.

3.2 METHOD OF PRESENTATION OF FINDINGS.

The method the researcher is going to use is to have personnal contanct and oral interviews with the principal officers of the loans department, taking and examining relevant documents containing information on students loans disbursement and recovery after which the information so gathered will be expressed both in tabular and graphical form for easy appreciation of the activities of Education Bank on loans to students of higher institutions in Nigeria.

3.3 THE POPULATION AND SAMPLE SIZE

Though the population for this study from which the sample would have been selected was students of institutions of higher learinings- Universities, Polytechnics and colleges of Education, but the fact that the organisation has for a reasonable time past stopped given out fresh loans to students and those that

have benefitted from the loans scheme of the organisation had graduated, it becomes more meaningful for the researcher to rely on past seminar papers and observations of the area and principal officers of the department as well as information collected from students in the time past on their feelings on the loan administration.

It is hoped that data collected from these sources will be a sufficient representative of the populations for analysis and to draw conclusions.

3.4 QUESTIONAIRE CONSTRUCTION AND METHOD OF DATA COLLECTION

The questionaire is designed in such a way that it would extract all necessary data required for the analysis and drawing conclusion on all sub-topics of chapter four.

The method used in administring the questionaire was verbal interviews based on questions contained in the questionaire administered on the HOD and the sectional heads of the loans department of the organisation.

3.5 DATA ANALYSIS AND CONCLUSIONS

The data so collected are arranged, measured and interpreted using statistical approach for easy appreciation and to draw final conclusion.

3.6.0 SOURCES OF DATA COLLECTED.

3.6.1 PRIMARY SOURSE

The primary source data were collected through personal contact and interviews with the heads of the various sections of the loans department.

3.6.2 SECONDARY SOURCE

The secondary source data were through Government official Gazette. Office handbooks, the banks financial digest, and papers presented on the bank made available for the purpose of this reseach work.

CHAPTER FOUR

4.0 PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

The financial problems of higher education have been well documented in recent years. Declining quality due to overcrowding, growing demand for access and constraints on government budgets, imply that higher education system must seek alternative sources of income. In parts of the developing world, slowing growth during the 1980's and rising costs of providing training at internationally competitive standards, have, led to a further erosion of institutional capacity. In addition, resources constraints for higher education institutions are compounded by government commitments to subsidize student living expenses. In many instances, government expenditures on student support has equaled or even surpassed educational expenditures. Many governments argue that students support is justified as a means to enable students to attend higher education while they are not earning income. In other instances, student support is part of a general welfare policy that relies on progressive taxation to redistribute income: students are entitled to a minimum social income while they forgo earnings.

The combination of rapid expansion, macro-economic difficulties, and commitments to student support have left governments seeking means to relieve budgetary pressures. In addition to the budgetary rationale for mobilizing student contributions, recent economic analysis have demonstrated efficiency and equity rationale for recovering at least part of the cost of higher education from students. In sum, cost recovery is believed to lead to a more efficient use of public and private resources; to increase the equity of educational

systems which tend to attract elites or produce future high income earners; and to provide an expanded source of revenue to support more educational opportunity and better quality.

In many instances, however, imposing cost recovery - either for living expenses or for instructional costs - has proven politically difficult, and has raised the problem of how to relieve the pressure on students who cannot afford to pay. To resolve this problem, much economic literature has advocated student loans to enable students to defer payment for the cost of attending higher education until they are earning incomes. Deferred payment programs as used in this work refer more broadly to include those policy instruments which secure payment from the future incomes of students, rather than their current resources.

It is in line with the above goal that Nigerian Education Bank came into existence via Decree No 50. 1993 to expand the horizon of educational opportunities for Nigeria citizens in institutions of higher learning; and allied parastatals in the educational sector of the economy.

In this chapter the researcher intends to make some analysis of the students loan administration under the revolving loans scheme of Nigerian Students Loans Board from which Education Bank evolved so as to be able to establish the level of efficiency and effectiveness of the organisation, and subsequently make some useful suggestions for a better operated Education Bank.

4.2.0 LENDING POLICY ON STUDENTS LOANS

4.2.1 CONVENTIONAL STUDENTS:

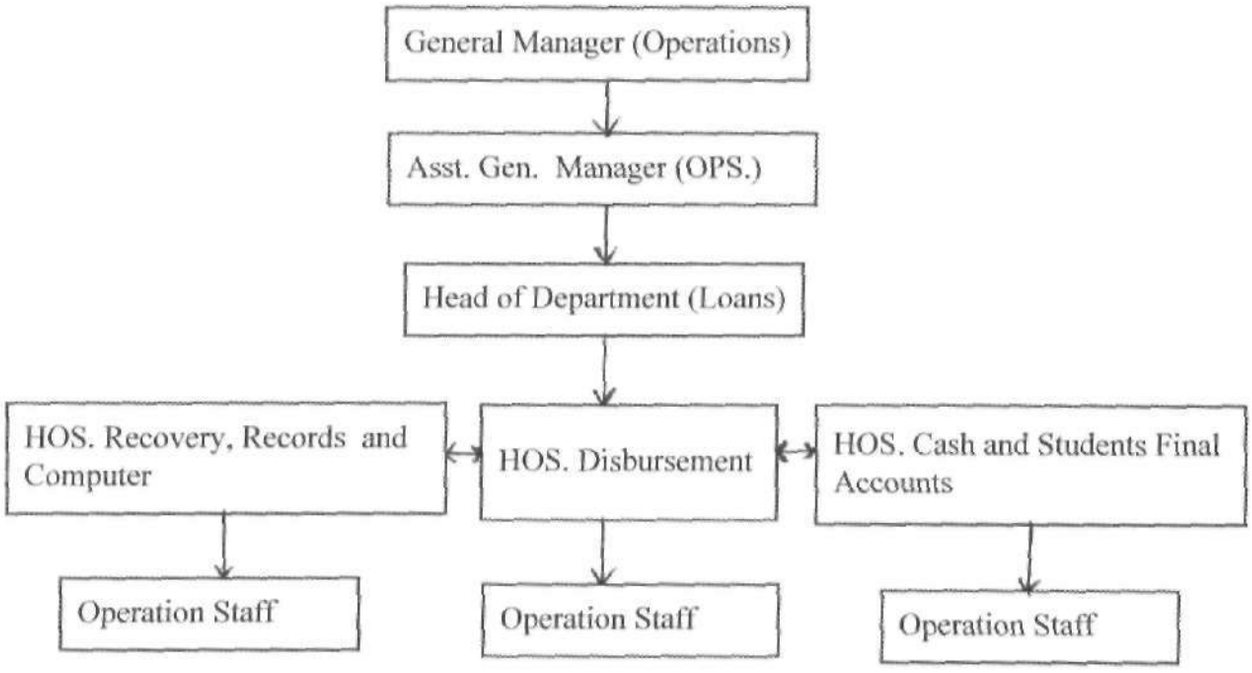
While Science and professional are to enjoy N5,000.00, social science and Arts Related courses are to enjoy N3,000.00 at an interest rate of 3% per annum. The tenure depends on the duration of study or programme (4-6). The State or Local Governments guarantee is to serve as security for the loan. The disbursement shall be through state or local government and recovery is to be effected after 12 months of disbursement to the same apparatus. Recovery from students will commence two years after graduation.

4.2.2 NON- CONVENTIONAL STUDENTS (PART TIME)

A sum of N10,000.00 per session at 5% interest annually is allowed. Letter of guarantee from Employers and authorised payroll deductions serve as security, while disbursement is to be done directly to the institutions concerned. Recovery starts off two months after disbursement through payroll deduction on a monthly basis, directly through the employers.

KASHIM IBRA

4.3 BANKING OPERATIONS OPERATIONAL CHART



4.4.0 OPERATIONAL ACTIVITIES OF THE DIFFERENT SECTIONS

4.4.1 DISBURSEMENT SECTION

The whole process of disbursement starts with the purchase, filling and submission of loan application form. Such informations as the name of the applicant, state of origin, sex, institution, degree or certificate in view, the names and addresses of parents and two other guarantors, year of admission, lenght of programme, etc are required in the form. After the release of the computer print out of the successful applicants the section writes letter to every successful applicant to inform him/her of his\her success in the loan applied for and requesting such an individual to approach the Bank's area office closest to him/her or the national headquarters to collect and fill bond forms. When the forms are returned they are passed to the legal unit of the bank so as to scruitinise the information contained in them. Those who are able to meet all the requirements are cleared by the unit and a letter to that effect is sent to the Divisional head of banking operations who will pass it to the sectional head to prepare voucher for payment. Apart from vouchers, students payment schedules are prepared based on the state of origin and the institution attended by such students. The schedules and the vouchers are passed to the audit unit for verification and clearance. Once they are cleared, the cheques for individual students are prepared and passed to the Chief Executive and the accountant for their signatures. After this the cheques with the schedules and vouchers are despatched through courier service or registered mails to avoid loss in transit to the area officer close to the institution of such students for final delivery to the

successful students. Upon collection, the students are made to sign a letter acknowledging the receipt of such cheques and the vouchers are duely signed as well. The first two copies of the vouchers are returned to the headquarter for record purpose while the triplicate copy is retained by the area officer for proper accounting record.

NIGERIAN EDUCATION BANK

LOAN DISBURSED BETWEEN JANUARY 1989 TO JULY 1996 (INCLUDING SERVICING).

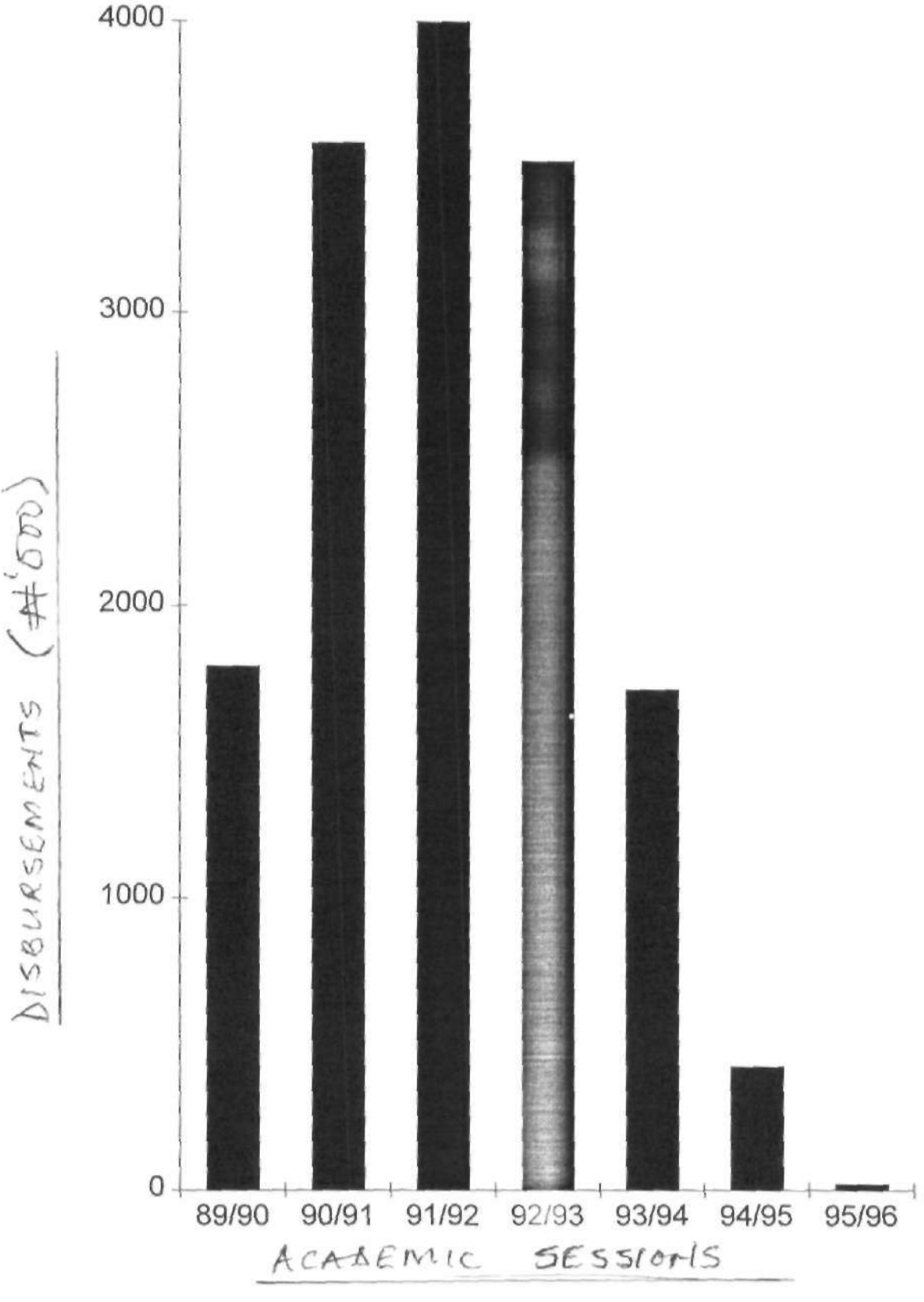
S/N	STATE	89/90 SESSION	90/91 SESSION	91/92 SESSION	92/93 SESSION	93/94 SESSION	94/95 SESSION	95/96 SESSION	TOTAL	% OF AMOUNT DISBURSED
1	Akwa Ibom	148,000	269,000	266,000	325,000	166,000	28,000	1,000	1,203,000	
2	Anambra/Enugu	74,000	184,000	204,000	117,000	44,000	11,000		634,000	4.2
3	Bauchi	90,000	142,000	133,000	112,000	64,000	5,000		546,000	3.6
4	Benue	95,000	209,000	240,000	256,000	125,000	46,000	1,000	972,000	6.5
5	Borno	26,000	78,000	84,000	41,000	28,000	4,000		261,000	1.7.
6	Cross River	85,000	212,000	266,000	243,000	135,000	72,000	15,000	1,028,000	6.8
7	Edo/Delta	101,000	218,000	234,000	145,000	49,000	20,000		767,000	5.1
8	F. C. T	9,000	21,000	26,000	15,000	3,000	1,000		75,000	0.5
9	Gongola	80,000	212,000	192,000	123,000	48,000	30,000		685,000	4.6
10	Imo/Abia	214,000	293,000	264,000	218,000	83,000	21,000		1,093,000	7.3
11	Kaduna	65,000	174,000	192,000	206,000	131,000	14,000		782,000	5.2
12	Kano/Jigawa	45,000	162,000	186,000	182,000	110,000	23,000		708,000	4.7
13	Katsina	16,000	74,000	100,000	91,000	51,000	5,000		337,000	2.2
14	Kwara/Kogi	84,000	178,000	237,000	106,000	21,000			863,000	5.7
15	Lagos	36,000	61,000	64,000	40,000	13,000	4,000		218,000	1.5
16	Niger	72,000	149,000	139,000	128,000	65,000	18,000	1,000	572,000	3.8
17	Ogun	85,000	155,000	195,000	156,000	61,000	10,000	1,000	663,000	4.4
18	Ondo	143,000	229,000	246,000	258,000	120,000	46,000		1,042,000	6.9
19	Oyo/Osun	84,000	163,000	205,000	204,000	92,000	19,000		767,000	5.1
20	Plateau	52,000	115,000	183,000	196,000	124,000	10,000	1,000	681,000	4.5
21	Rivers	134,000	189,000	194,000	122,000	47,000	14,000		700,000	4.7
22	Sokoto	58,000	95,000	142,000	100,000	49,000	2,000		446,000	3.0
	GRAND TOTAL	**N 1,796,000**	**3,582,000**	**3,992,000**	**3,515,000**	**1,714,000**	**424,000**	**20,000**	**15,043,000**	**100%**

NOTE:

The above amount exclude accummulated interest which is **N1,053,010.00**

FIGURE 1

LOANS DISBURSED FROM JANUARY 1989 TO
JULY 1996 (INCLUDING SERVICING)



The figure I shows that loan disbursement increases astronomically from 1989/90 academic sessions through 1991/92 session which recorded the highest level of loan disbursement. This increase was as a result of wider publicity given the organisation and its loan scheme. It was during this period that many potential customers came to know about the existence of the Board through its advertisement at the back cover of JAMB Brochure for higher institutions.

Equally important was the fact that it was around this period that the board closes its overseas accounts and injected the withdrawals from foreign acounts into the local economy through granting more loans to Nigerian indigent students.

However the disbursement figures started to decline from 1992/93 session sharply so much such that by 1995/96 session the figure of loan disbursed was disturbing. The reason for this drop was that the EduBank that evolved from the Board could not get its take off grant of N400,000,000.00 (as provided for in the enabling Decree No 50 of 1993), from the Federal Goverment in that year and infact in the subsequent years. Also though the Loan from the Board (and later Bank) was supposed to be revolving but the recovery rate was too low to support any revolving shceme of this nature. The percentage of the amount disbursed on state basis shows that Imo/Abia State recorded the highest percetage of 7.3, and closely followed by Ondo, cross river and Benue with 6.9, 6.8 and 6.5 respectively suggesting a wide spread of the activities of the Bank. FCT recorded the lowest percentage of 0.5.

4.4.2 RECORD, RECOVERY AND COMPUTER SECTION

The record keeping function of this section is in the area of opening files for successful loan applicants and enclosing all the relevant documents-

application form, guarantors form, applicant's credentials, copy of payment voucher(s) and such other documents and communications between the loan beneficiary and the organisation. This function is so important to the whole organisation since subsequent future loan recovery depends on the availability of accurate and up-to-date data on individual loan beneficiaries. The files are serially opened one award after the other on state of origin of loan beneficiaries basis. This is to make reference to/retrieval of information much more easier.

In the area of recovery, students loan which carries a simple interest rate of 7% is considered mature for repayment after two years of graduation and a maximum of two years is allowed for the repayment of N1,000.00 such that a N5,000.00 loan granted can be paid back installmentally for a period of ten years. The deductions could be an arrangement between the organisation and the employer of such loan beneficiary or a lump sum by the beneficiary. On maturity a form - Demand for the Repayment of loan is issued out to inform the debtor of the maturity of the loan for repayment. Such informations as the name, address, almamata of such a beneficiary in addition to the direction as to where such loans could be redeemed are contained in the form. The letter contains such information as "failure to comply with our aforementioned demand (i.e. loan repayment) within thirty days from the date on this letter will compel us to take appropriate legal action to recover the debt".

Names of debtors are also published on the pages of newspapers so that they can be reminded of the need to make repayment. When all these efforts failed legal option is usually considered.

The section sends particulars of individual's account to area officers for a follow up exercise to ensure recovery of loan from debtors in their own area of operations. When such loans recovered are remitted to the national headquarters a proper record of such remittances are kept by the section. In case of default or

death of the beneficiary, the guarantors who are usually two in number are held responsible for the repayment of the loan taken.

Another important function perform by this section is the processing of "application form for clearance certificate". By the virtue of the decree establishing the bank, every tertiary graduate in the country is assumed to have benefitted from the loan scheme of the bank and to recover the loan, the law says that such people in the society should apply for a clearance certificate from the bank indicating that they are not indebted to the bank. Organisations are expected to demand for the certificate from newly employed staff or insisted on its provision before already employed staff can be confirmed or granted the next promotion as the case may be. When such applications are received on an already designed form for that purpose the section in association with the final account section go through his/her record to ensure that such individual has not benefited or that he/she has repaid the whole loan and its interest. When this is confirmed the form is minuted through the administrative cadres to the office of the managing Director who then instruct the public relation unit to write a certificate for such applicant for his own signature.

The computer function of this section involves inputing of information from the application forms into the computer for the final selection of successful applicants based on already programmed data, production of computer print out and the storage of vital information on loan beneficiaries for easy retrieval.

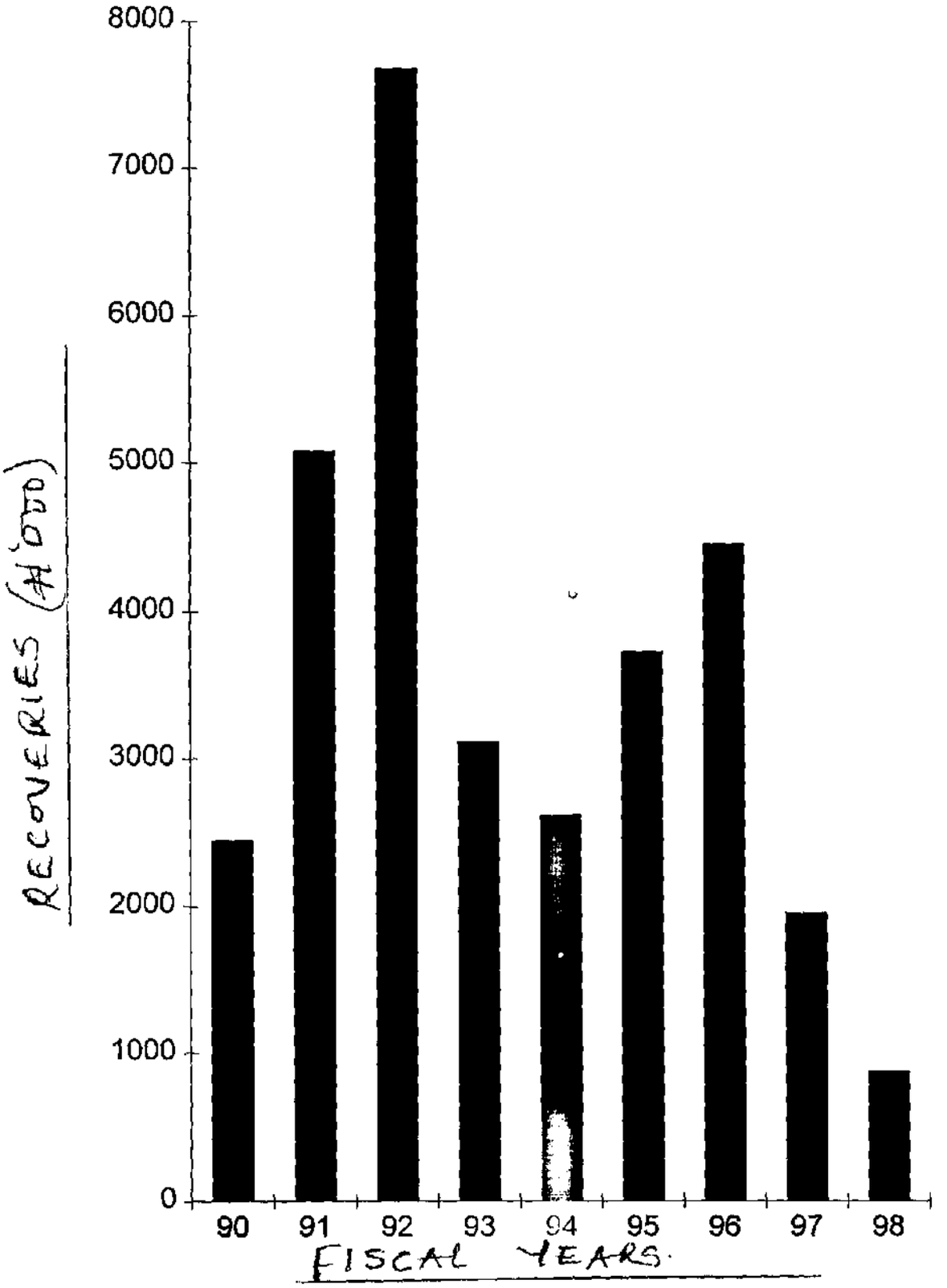
TABLE 2

LOAN RECOVERY FIGURES FROM 1990 - 1998 (OLD AND NEW LOANS) ON STATE BASIS

S/N0	STATE	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL
1.	Akwa Ibom	624.98	24049.39	22299.31	19992.30	37865.49	66275.75	64598.90	56262.18	16828.00	308796.30
2.	Anambra	3848.38	14859.50	12635.57	14052.98	21219.10	8229.59	23122.51	5850.00	14672.00	118489.63
3.	Bauchi	3634.00	60.00	-	120.00	8025.00	1570.00	850.00	-	-	14259.00
4.	Edo/Delta	8268.77	38108.52	18489.15	7379.94	13109.94	22854.87	978.00	2500.00	-	111689.19
5.	Benue	-	-	605.00	2451.27	11029.10	-	3760.00	-	-	17845.37
6.	Borno/Yobe	-	-	1550.00	4270.00	3370.00	1450.00	97986.65	42905.46	17768.00	169300.11
7.	Cross River	2588.12	10047.23	8077.66	88185.18	21944.60	45101.43	37733.21	7665.63	-	221343.06
8.	Imo/Abia	20162.21	91595.98	56961.19	61144.32	17313.32	11100.37	14353.21	8547.89	-	281178.49
9.	Kaduna	-	5116.18	791.21	1070.00	2720.00	7120.00	5866.44	-	-	22683.83
10.	Kano/Jigawa	591.17	3385.07	3937.46	200.00	3350.51	15910.00	12650.00	-	-	40024.21
11.	Katsina	-	-	-	70.00	2990.00	5760.00	3850.00	-	-	12670.00
12.	Kwara/Kogi	15807.44	48557.99	27671.57	19493.02	27933.27	25650.73	61292.29	47392.57	-	273798.88
13.	Lagos	73495.97	158050.70	452339.39	28411.43	36395.28	18282.67	23106.37	-	-	790081.81
14.	Niger	60.00	13958.21	500.00	870.00	2044.93	12915.00	7270.00	2040.00	570.00	26269.93
15.	Ogun	11292.02	14760.15	16790.86	11094.57	1117.90	26013.86	5074.78	-	-	85342.20
16.	Ondo	31170.29	31909.50	85408.61	3036.06	15409.35	14995.69	19554.85	8109.00	7567.97	217161.32
17.	Oyo/Osun	5754.77	5563.60	8758.57	13792.93	6329.00	10160.00	14150.00	8245.00	-	72753.87
18.	Plateau	-	3049.55	-	3710.00	7855.00	4300.00	15580.00	5670.00	6880.00	47044.55
19.	Rivers	13022.58	-	15840.36	12440.08	4919.76	33521.53	10161.52	-	-	89 905.83
20.	Sokoto/Kebbi	-	-	-	5330.00	5960.00	6750.00	6660.00	-	-	24700.00
21.	Taraba/Adamawa	-	-	-	-	-	9510.00	2100.00	-	-	11610.00
22.	Abuja, FCT	54222.29	59719.65	35078.90	14235.65	10460.00	24966.49	14667.27	-	-	213350.25
	Total	244542.99	508031.07	767734.81	311349.73	261361.55	372437.98	445366.00	195187.73	64285.97	3170297.83

FIGURE II

LOAN RECOVERY FIGURES FROM 1990-1998
(OLD AND NEW LOANS) ON STATE BASIS



For conveniency the country is divided into three recovery zones - West, East and North. There was a remarkable high rate of recovery from the West & East as compared to the North because most of the old beneficiaries were from these zones. Infact not many from the North were aware of the existence of Students Loans Board as at that time.

There was an increase in recovery from 1990 with the highest level recorded in 1992. Possible reasons for the increase in recovery was the threat by the Board to publish the names of Loan defaulters on the National dailies that was made good by publishing the first batch of loan defaulters at a time political activities were very high and politicians most of whom benefitted from the scheme felt their opponents might use such information against them. They hurriedly came to declare their indebtedness to the bank and paid up their debts. Also there was better encouragement of the area officers as their imprests and recovery claims were regularly replenished.

However from 1993 recovery level has been on the decrease with the worst recorded in 1998 when compared with the earlier periods. Some of the reasons given for the low recovery are:

(a) Inadequate funding for recovery drive;

(b) Unavailability of vehicles for recovery effort;

(c) Unpaid out-of-pocket expenses incurred by staff on recovery drive;

(d) Non-monitoring of the Area officers to ensure that monies recovered are actually remitted;

(e) Shifting of emphasis away from the primary objectives of the organisation; and most importantly

(f) Poor record keeping.

4.4.3 CASH AND STUDENTS FINAL ACCOUNT SECTION

The major responsibility of this section is to manage the divisional Cash inflow and outflow as well as keeping separate ledger records of all loan beneficiaries Forms 'C' (Remittance/Lodgement Schedule), 'F' (Credit Advice), and form containing the particulars of payments of loans to students as per the ledger Records are the major instruments in use in the section to ensure a consistent and cordinated effort of the area Offices of the Bank with the National Headquarters. Form 'C' (Remittance/Lodgement Schedule) contains such important information as the date repayment is made, by who ,his/her file number at the Headquarters, the number on the receipt issued upon repayment, the amount repaid, mode of payment (i.e whether by cash, draft or personal cheque) and the date the amount that was paid back was remitted/lodged into the Bank's account in the respective area offices. The importance of this form cannot be overemphasised as it provides information on a cumulative basis the cash inflow to the area offices and their sources monthly.

Form 'F' contains as much information as in form 'C' in addition to the institution the beneficiary attended, account number of such a beneficiary and the officer that posted such information into individuals ledger. The form serves as one of the source document. The ledger record is prepared and sent by the section to the area officer in charge so that he/she can see at a glance the volume of the loan taken how much has been paid back and the outstanding balance. The information on this form are usually supplied at the request of loan beneficiary who intends to pay back but have no detail record of his/her transactions with the organisation most especially in the area of the interest accrued on such loans. Such other functions as record keeping and documentation of monthly returns,

cash/cheque remittances, issuance of receipts, return of unclaimed/staled cheques to the headquarters, utilisation and remittance of imprest and retirement of advances are performed by the area officers at the instance of this section. It is worth knowing that for proper verification of facts and figures quoted on forms 'C' and 'F' a duplicate and triplicate copies of issued receipts are returned along with the forms respectively.

Immediate remittance of loans recovered into the Banks account is practised by the section so also cash and bank draft remained the most acceptable mode of payment while payment by personal cheques is highly discouraged because of its vulnerability. Receipts are written and released immediately if repayment was cash or bank drafts. But for personal cheques such receipts are written but temporal acknowledgement of payment is made pending the time such cheques are cleared before the original receipts are given out to the loan redeemers. Unclaimed cheques are returned back to the section after six months of issuance during which they would have become staled. Proper records of such cheques are kept as there are cases of students coming up for them after they are staled. Rather than issuing a new cheque what is done is to revalidate the staled cheque by changing its date and the signatories countersign.

SUMMARY OF STATISTICS ON LOAN DISBURSED AND RECOVERED FROM 1989/90 - 1997/98.

(1)	Total old loans (local and overseas disbursed from 1973-1989 including accumulated interest	N42,215,450.00.	
(2)	Total loans (local) disbursed from 1989/90 to July 1996 including accumulated interest. Table II	N16,096,010.00	*N58,311,460.00*
(3)	Total amount of old loans (local and oversears) recovered from 1976-1989	N2,240,674.00	
(4)	Total amount of old and New Recovered from 1990-98	N3,125,423.52	N5,366,097.52
(5)	Net outstanding loan to be recovered as at 31st December 1998		*N52,945,362.48*

(6) PERCENTAGES OF LOANS RECOVERED AND AMOUNT OUTSTANDING AS AT 31st DECEMBER 1998.

		Amount	Percentages
(i)	Total amount of loan recovered	N5366097.52	9.2
(ii)	Total amount of loan outstanding	N52945362.48	90.8
	Total loan granted	N58311460.00	100%

The major reasons for this low recovery are mainly poor record keeping and absence of credible turn around plans especially in the area of aggressive debt recovery drives.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

In any field of study, the importance of research work cannot be overemphasised . New knowledge and innovations are advanced through research findings. This chapter is therefore concerned with the summary, conclusion and recommendations.

5.2 SUMMARY

In summary, the combination of economic recession and high demand for access to higher education in Nigeria has placed increasing strain on government budgets hence, the search for new ways to finance higher education that will encourage individuals participation in the cost sharing.

This research work highlights the sources of fund available to higher education prior to the establishment of Nigerian Education Bank (NEB) via Decree 50 of 1993, to include: government grants, tuition fees, donations and endowment funds, revenue yielding projects, and loans (that are not easily come by) from lending agencies like commercial banks because of their high conditionalities; in addition to establishing the fact of the financial difficulties that Nigerian higher education are being faced so as to bring out the rationale for Education Bank in the present day Nigeria which include: increasing demand for education which has overstretched scarce government resources, increasing cost of funding education due to inflationary rate, dwindling government allocation to education arising from the increasing demand for public funds by other competing sectors of the economy, and the need to evolve a system of cost sharing of educational expenditure between the public and private sectors.

Furthermore, the operation of the bank as it relates to student's loans administation was examined to establish the level of effectiveness and efficiency of the organisation.

Finally the work made useful recommendations on how to ensure a better service by the Bank to its clients.

5.3 CONCLUSION

In conclusion it should be noted that investment in education is an investment in a major development resource with a very great potential. Therefore, any developing economy like ours which is really committed to economic advancement cannot afford to play with her educational system especially that aspect of it which imparts the requisite skills. Education is the major engine of progress. Research and technological development must be a major input into the current effort at revitalising the national economy. It is my belief despite the current massive graduate unemployment that higher education deserves every encouragement which Nigeria can afford to give it. Therefore government and management team of Education Bank should give the Bank the urgent attention it deserves so that it can begin again to perform its laudable function of financing higher education in Nigeria.

5.4 RECOMMENDATIONS

One of the major problems identified with the defunct Nigerian Students Loans Board a parastatal from which EDUBANK evolved was loans default. To forestall a reoccurrence of this same problem in the Nigerian Education Bank the following key points are recommended on the assumption that there is a sound credit risk acceptance/rejection system existing under broad overall policy guidelines.

(1) As far as possible, credit facilities approval must be purpose - oriented. An investigation of the purpose must be detailed enough

to extend to the frontier of identification of the type of financing required and the quantum of assistance necessary for the project to be economically viable given technical feasibility. Where extent and type of finance are purpose determined, a number of potential problems become instantly solved. The bank should not give loans where application of funds is not quite clear, or where funds control/disbursement is not monitorable or otherwise accountable. Both under financing and over financing are deterimental to credit performance as well.

(2) Application for the bank facilities should be analysed objectively, bringing the full rigours of credit risk acceptance criteria to bear on the project including sensitivity analysis, without undue compromise. It should be ensured that only requests that objectively pass the bank's minimum credit risk acceptance criteria are recommended for approval in the first, place. Projects should be analysed on their own merit, and not on the merits of their promoters or the value of the security proposed, if any.

(3) Facilities must be well packaged to ensure that the borrowers equity is expended on relevant /approved items, and that the possibility of funds diversion is reduced to the barest minimum. Clauses on sanctions limit, purpose of facility, interest rate, repayment, security and conditions precedent to draw -down must be handled carefully so that future problems are not allowed to take root at packaging stage.

(4) An important aspect of lending is documentation. This includes even the ordinary filing of every correspondence entered into with the borrowers, in sequence for ease of future reference as well as

ensuring that every letter written to the borrower has been duly acknowledged by them or their known, authorised agents. This is very important and ensures that communication gap is reduced to a very manageable level. In fact, even verbal discussions of substance should be committed in writing and transmitted to the borrowers for acknowledgement of concurence. But most vital here is security documentation. The bank must ensure that all legal documentation is duly completed prior to drawdown, especially where this is a condition precedent to drawdown . If for any reason drawdown is allowed prior to security perfection, adequate records as to consideration and sanction terms need to be kept for ease of future reference.

This section so far has concentrated on the preventive side of bad and doubtful debts management. This is as deliberate as it is logical. For prevention, as the saying goes, is better than cure. If adequate care is taken to prevent the occurrence of bad and doubtful debts, the incidence becomes reduced to a more manageable level, and this preventive recipe is an important part of management of bad and doubtful debts.

For effective precaution against distress in Education Bank the Bank's Board, Management, other banks, depositors, and supervisory authorities all have roles to play, some of the expected roles are:

(5) The Bank's Board should be at the forefront in guiding against Education Bank going into distress by avoiding taken or given out unsecured loans to themselves and/or their companies. Adequate provision should be made in the Bank's operational principles to

ensure that directors who are responsible for any distress in the Edubank should be made to face the full force of the law and be made to return depositors funds even if that means selling their personal assets. That is to say that the directors liability should not be limited to their equity stakes in the bank but should extend to their personal assets. In this connection, appropriate legal processes must be put in place to try fraudulent cases and malpractices. The assistance and co-operation of the police, the judiciary and the Ministry of Justice would be necessary for prompt handling of cases.

(6) Also the Management is duty bound to draw up credible turn-around plans (TAP) for board's approval. Such plans should include aggressive debt recovery drives (especially in respect of directors' loans)

(7) The insured banks co-operation to finding ways of avoiding distress in the bank should be sought. Some of these ways could take the form of allowing the experienced and insured banks to organise periodic seminars and trainings for the Edubank staffs from Management to the least level in the bank's hierarchy, the robing of minds among the bank's management team and the insured bank's team on effective operating system within the limits of the law (this becomes necessary since no management team could claim all knowings), etc. These services am sure the insured banks most especially those from whom the bank will be sourcing its fund will be ready to offer considering the fact that healthy banks which loaned substantial amount to the distressed ones got dragged into distress also.

(8) Depositors of the bank should be encouraged to buy shares from the bank. Since most loans from the bank will be going to its customers it makes economic sense letting them have a sense of belonging by buying shares from the bank. In so doing there is likelihood that most of them will be committed to repayment of the loans taken from the bank since they will be pretty sure that, if the bank fails their interest in the bank (which in most cases is profit making from their shares) will be affected.

(9) Considering the vital role the education sector plays in nation building and the fact that much in terms of hard earned citizens income has been committed to the bank, there is need for clear- cut framework for regulatory intervention within a specified time frame. The bank has to be more strictly supervised with adequate performance standards in place. Failure of the bank to meet the minimum standards should be met with prompt and appropriate sanctions. Such timely intervention would prevent serious deterioration in the financial condition of the bank.

10. Excesive requirement from prospective students such as signing the loan form by the State government should be discurraged because that alone must have put thousands of poor students away from asking for the assistance from the Bank. Rather final checking in the form of sending staff of respective area offices to confirm the permanent addresses of applicants and their guarantors in their domain of operation prior to disbursement will reduce to a large extent the volume of doubtful and bad debts as it is now. It is my believe that if about 5% (N2,647,268.12) of the doubtful debt (N52,945,362.48) outside now had been committed to this exercise

we would have been able to know where to ask for and collect at least 80% (N42,356,289.98) of the loan outside.

11. Provision of adequate fund by the Federal Government as the sole share holder of the Bank for now must be ensured. The initial share capital of N400 million shares of one naira each, is no longer tenable given the recent Central Bank of Nigeria's directive that development banks should shore up their capital base to at least N500,000,000.00

QUESTIONNAIRES

To be able to carry out a critical and objective analysis of the administration of loan by the organization, the researcher soughted for information from both the primary- (oral interviews with the HOD and the Sectional heads) and secondary (Official documents made available for the purpose of the exercise) sources.

The questionnaires administered are as stated below:-

(1) What is the lending policy on students Loan?

(2) Does the division has an established organogram?

(3) If yes to 2 above, what are the various sections within the division and what do they do to complement one another in the administration of Loan to students of higher institution?

(4) What is the number of the prospective applicants and their loan requests?

(5) How many of the loan applicants were awarded and the volume of disbursement preferably on state and yearly basis.?

(6) How much of the loan given out is matured for recovery?

(7) What are your recovery strategies, efforts and limitations?

(8) How much has been recovered?

(9) What on the average is the cost of processing a loan application to the organization?

(10) What is your view about the Education Bank Loan procedure and the aspects of it that needs some changes:

- (a) Application procedure
- (b) Conditions for qualification
- (c) Appraisal criteria
- (d) Disbursement of funds
- (e) Interest charges
- (f) Repayment supervision
- (g) Area offices administration
- (h) Any other problems.

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EXTRACT FROM FEDERAL REPUBLIC OF NIGERIA OFFICIAL GAZZETTE NO. 21 VOLUM 30 AUGUST 9, 1993, PAGES A391-395

(3) The members of the Board shall be paid such allowances as the Bank in a general meeting may, from time to time, approve.

(4) The provisions of the Schedule to this Decree shall have effect with respect to the proceedings of the Board and the other matters mentioned therein.

Tenure of office.

5.-(1) A member of the Board appointed, otherwise than by office, shall hold office for a term of four years, and subject to the provisions of subsection (2) of this section, shall be eligible for reappointment for only one further term of four years.

(2) The office of a member of the Board shall become vacant if -

(a) he resigns as a member by notice in writing under his hand addressed to the Secretary; or

(b) the Secretary is satisfied that it is not in the interest of the Bank for the member to continue in office and notifies the member in writing to that effect.

Removal from office of members of the Board.

6.-(1) If it appears to the Board that a member of the Board, other than an *ex-officio* member, should be removed from office on the grounds of misconduct or inability to perform the functions of his office, the Board shall make a recommendation to the President, Commander-in-Chief of the Armed Forces.

(2) If the President, Commander-in-Chief of the Armed Forces, after making such inquiries as he considers necessary, approves the recommendation, the Minister shall, in writing, declare the office of the member vacant.

(3) Notwithstanding the provisions of subsection (1) of this section, the President, Commander-in-Chief of the Armed Forces, may remove a member of the Board from office if he is satisfied that it is in the public interest so to do.

PART III - FUNCTIONS AND POWERS

Functions of the Bank.

7. The functions of the Bank shall be to -

(a) approve and disburse loans for educational purposes;

(b) provide loans to students to finance their education in institutions of higher education;

(c) recover loans disbursed under this section;

(d) provide short-term loans to individuals or other bodies in appropriate cases, if it is satisfied

(i) that the purpose for which the loan is requested is viable and would enhance the educational development of Nigeria, and

(ii) that there is adequate security for the loan;

(e) promote the mobilization of savings and grants from the public and private sectors for educational investments;

(f) accept deposits from individuals institutions and organisations to finance educational investments;

(g) provide financial advice on educational matters to institutions of higher education, and to parents, students and educational investors;

(h) engage and participate in other banking and commercial business, including leasing, fund and management, foreign exchange and letters of credit;

(i) promote the development of viable research, consultancy services and relevant ventures within institutions of higher education and research institutes and centres;

(j) aid authors by providing them with loans for the purpose of financing the printing and publishing of educational books; and

(k) do anything or enter into any transaction which in the opinion of the Board is necessary to ensure the proper performance of its functions under this Decree.

Functions of the Board.

8. The Board shall, subject to the general direction of the Secretary, be responsible for -

(a) managing and superintending the affairs of the Bank:

(b) for the overall policy and general administration of the Bank;

(c) formulating policies and guidelines for operating the loans from the Bank and ensuring their implementation;

(d) working closely with the Management of the Bank to ensure smooth operation of the affairs of the Bank;

(e) deciding on and approving the borrowing power and credit limits of the Bank;

(2) The Revolving Fund shall be used for providing loans to students for the purpose of their education in institutions of higher education.

(3) The Revolving Fund shall be maintained and managed in accordance with guidelines which the Board shall, from time to time, stipulate or approve.

General reserve fund.

14.-(1) The Bank shall establish and maintain a general reserve fund into which shall be paid the following percentage of the net profits of the Bank -

(a) 50 *per cent* of the net profits of the Bank for the year, if at the end of the year the fund is less than the authorised capital of the Bank; and

(b) 25 *per cent* of the net profits of the Bank for the year, if at the end of the year the fund is equal to or exceeds the authorised share capital of the Bank,

and any sum not paid into the general reserve fund shall be paid to the shareholders of the Bank as dividends.

(2) The general reserve fund shall be used for meeting contingencies, depreciation of assets, the liquidation of any debt or liability of the Bank and for such purposes as the Board may consider necessary for the proper functioning of the Bank under this Decree.

PART VI - INCENTIVES AND INTEREST RATES

Incentives for investors.

15. The Bank shall give the following incentives to investors, that is -

(a) interest or yield on dividends earned by individuals and corporate bodies in respect of deposits, bonds or other investments made in an instrument of the Bank shall be exempt from taxation at a rate of up to 200 *per cent*;

(b) parents who participate in the Education Endowment Fund Scheme of the Bank for their children and wards shall be entitled to claim tax deductions at the rate of 200 *per cent* for the total annual instalmental payment made;

(c) companies whose Pensions Fund Schemes are managed by the Bank shall be entitled to tax credits based on the annual increase in the market value of the fund; and

(d) financial charges, including commision on turnover, interest on overdraft, letter of credit commission charged by the Bank shall be tax deductible at the rate of 200 *per cent*.

EXTRACTS OF TABLES FROM LONGE, G.A.E. (1990) REPORT OF THE COMMISSION ON THE REVIEW OF HIGHER EDUCATION IN NIGERIA. MAIN REPORT, PAGES 104 - 112.

TABLE 1.

FUNDING PATTERN (RECURRENT) OF (*i*) REGIONAL UNIVERSITY AND (*ii*) FEDERAL UNIVERSITY 1963-75 (₦m)

	(*i*) ABU, Zaria				(*ii*) University of Ibadan				
					(*a*)	(*b*)	(*c*)	(*c*)	(*d*)
1963-64	..	..	..	..	2.685	2.382	2.383	2.950	3.938
1964-65	..	..	..	..	2.858	3.130	3.130	3.050	4.180
1965-66	..	..	..	..	3.067	3.250	3.250	3.800	6.051
1966-67	..	..	..	..	3.160	3.500	3.500	4.250	6.572
1967-68	..	..	..	..	3.456	2.367	2.367	5.660	6.690
1968-69	..	..	..	..	5.416	5.396	5.396	2.305	6.907
1969-70	..	..	..	..	7.693	6.946	6.946	4.908	4.257
1970-71	..	..	..	..	10.308	10.409	10.409	5.472	8.215
1971-72	..	..	..	..	7.312	9.718	9.718	6.261	9.346
1972-73	..	..	..	..	10.316	10.940	10.940	7.464	10.702
1973-74	..	..	..	..	15.583	15.206	15.206	11.036	12.885
1974-75	..	..	..	..	35.543	35.543	13.357	15.822	15.822
1975-76	..	..	..	..	63.142	50.290	50.290	17.426	20.483

(*a*) Requested
(*b*) Approved
(*c*) Received
(*d*) Expenditure

Source.—NUC and University of Ibadan.

TABLE 2.2.
FUNDING PATTERN (RECURRENT) OF 2 FEDERAL FIRST GENERAL UNIVERSITIES, 1981-91 (₦m)

	ABU, Zaria			*University of Ibadan*		
	(*a*)	(*b*)	(*c*)	(*a*)	*b*	*c*
1981-82	62.389	44.269	41.532	61.193	41.637	41.360
1982-83	106.914	71.204	41.636	75.385	66.354	40.233
1983-84	93.154	70.455	46.045	80.353	68.093	39.398
1984-85	96.958	71.686	51.949	78.438	66.524	48.619
1985-86	84.299	52.694	51.973	58.558	49.998	48.579
1986-87	83.845	57.001	38.855	62.189	54.874	38.058
1987-88	71.941	50.282	31.461	60.000	52.466	29.986
1988-89	72.050	78.851	50.128	75.500	71.621	47.785
1989-90	95.961	85.801	54.368	100.946	73.622	53.710
1990-91	83.205	NA	56.924	NA	NA	61.678
1991-92	94.409	NA	55.660	NA	NA	61.081

(*a*) Requested.

(*b*) Approved.

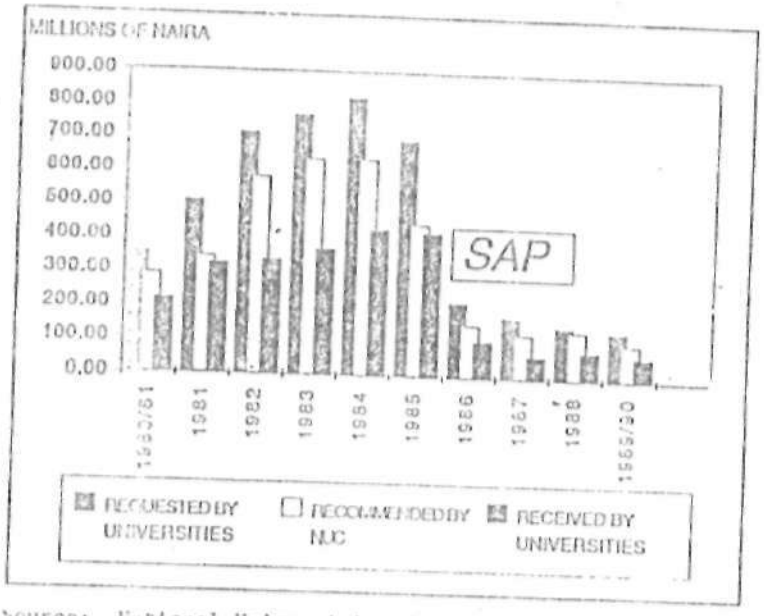
(*c*) Received.

Source.—NUC and University of Ibadan.

TABLE 2.3*

FEDERAL UNIVERSITIES APPROPRIATION NEED : AND ALLOCATION 1980 - '90

YEAR	REQUESTED	RECOMMD	RECEIVED
1980/81	352.99	290.52	215.97
1981	508.56	343.51	321.91
1982	710.77	579.63	334.62
1983	767.52	634.53	371.47
1984	821.34	634.37	428.39
1985	691.61	446.02	421.90
1986	217.14	150.52	104.00
1987	176.16	125.99	65.15
1988	150.24	138.14	81.01
1989/90	139.07	102.05	60.29



Source: National Universities Commission, 1991.

*Figures from 1986 adjusted to Naira Devaluation, See Paragraph 5.19, Page 179.

TABLE 1.4*

YEAR	NO OF UNIVERSITIES	RECURRENT N MILLIONS	CAPITAL N MILLIONS	TOTAL N MILLIONS
1	-	19.17		
1	-	-	25.00	44.00
1972 - 1973	6	32.55	29.00	61.55
1973 - 1974		41.30	21.10	62.40
1974 - 1975		59.32	49.90	109.22
1975 - 1976	13	142.84	105.84	250.68
1976 - 1977		140.50	59.19	199.69
1977 - 1978		181.27	107.33	288.60
1978 - 1979		180.44	120.55	300.99
1979 - 1980		185.91	117.00	302.91
1980 - 1981		325.57	210.54	436.11
1981 - 1982		333.91	350.11	684.02
1982 - 1983	20	343.70	210.58	554.28
1983 - 1984		381.25	133.15	514.40
1984 - 1985		439.92	41.10	481.02
1985 - 1986		432.54	55.57	488.11
1986 - 1987		116.97	45.08	162.04
1987 - 1988		73.37	28.86	102.23
1988 - 1989		102.35	17.52	119.87
1989 - 1990		78.86	17.5	96.36
1990 - 1991	21	67.84	9.83	77.67

Source: National Universities Commission, 1991.

*Figures from 1986 adjusted to Naira Devaluation. See para 5.19, page 179.

FEDERAL UNIVERSITIES APPROPRIATIONS RECURRENT AND CAPITAL : 1972 - 1990

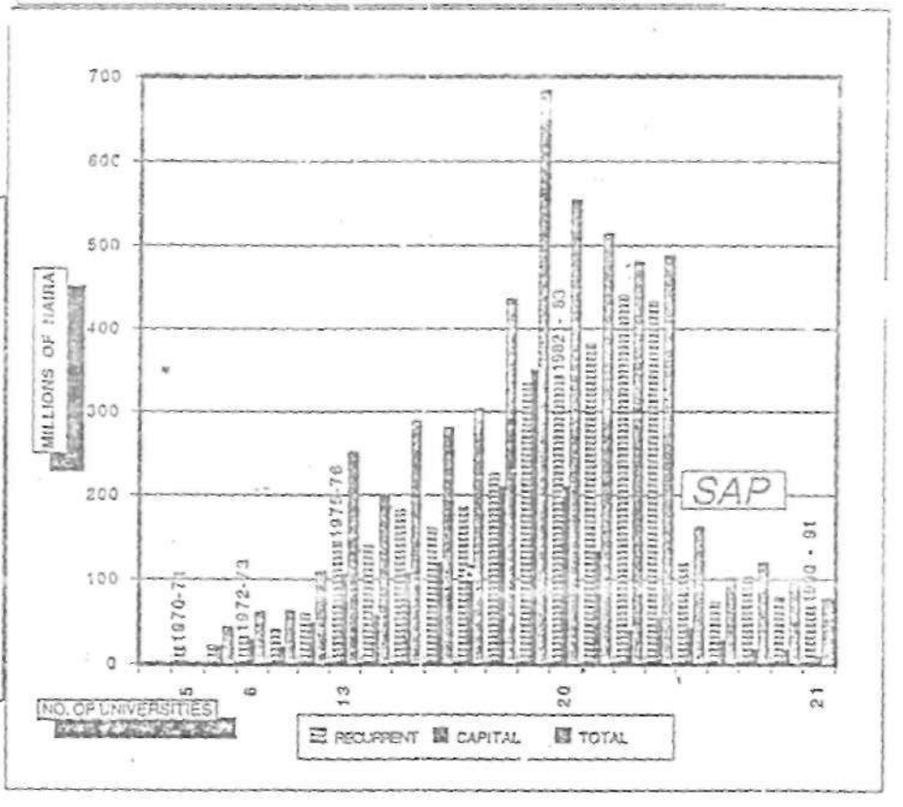


TABLE 2.5A

RECURRENT APPROPRIATIONS (₦) OF NIGERIA'S FEDERAL UNIVERSITIES, 1976-90

Year	First Generation	Second Generation	ATC, DAC Third and/or Math Centre		Total
1976-77	107,330,000	14,700,333	—	18,475,345	140,495,678
1977-78	141,752,000	28,519,000	—	11,000,000	181,271,000
1978-79	118,900,000	33,538,000	—	8,000,000	160,438,000
1979-80	130,639,470	47,224,456	—	8,000,000	185,913,926
1980-81	153,996,292	61,919,399	300,000	9,600,000	225,565,691
1981-82	216,891,995	95,264,618	9,754,322	12,000,000	333,910,935
1982-83	213,489,142	99,372,549	21,756,465	9,083,000	343,701,156
1983-84	232,949,651	112,270,843	26,248,129	9,784,826	381,253,499
1984-85	267,151,500	128,189,757	33,051,168	11,528,234	439,920,659
1985-86	266,631,334	127,438,334	28,213,332	10,857,000	432,540,000
1986-87	229,278,465	117,187,612	69,451,444	10,397,318	394,966,824
1987-88	176,751,253	92,000,898	27,713,161	8,014,104	304,479,416
1988-89	305,475,382	164,593,891	61,086,628	17,441,224	548,597,125
1989-90	333,923,435	184,174,724	64,809,913	15,053,712	601,728,284
1990-91	336,519,295	209,236,883	60,688,565	*93,028	606,537,251

Abuja from 1988-89.
*DAC Zaria only

Source—NUC, Lagos, 1991

TABLE 2.5B

CAPITAL APPROPRIATIONS (₦) OF NIGERIA'S FEDERAL UNIVERSITIES, 1976-90

Year	First Generation	Second Generation	Third Generation	ATC, DAC and/or Math Centre	Total
1976-77	47,873,695	11,319,700	—	—	59,193,395
1977-78	55,781,000	51,550,000	—	—	107,331,000
1978-79	48,450,000	72,100,000	—	—	120,550,000
1979-80	50,653,000	66,347,000	—	—	117,000,000
1980-81	107,538,003	101,000,001	2,000,000	—	210,538,004
1981-82	130,681,315	159,926,720	59,500,000	—	350,108,035
1982-83	63,973,396	76,806,492	62,618,925	7,176,294	210,575,107
1983-84	36,275,304	40,625,914	52,762,715	3,486,729	133,150,662
1984-85	8,374,386	14,120,620	14,000,000	4,606,620	41,101,626
1985-86	18,955,400	15,960,000	16,520,005	4,134,880	55,570,285
1986-87	36,380,210	55,362,597	42,395,967	2,550,003	143,007,047
1987-88	29,510,425	46,784,068	39,489,163	3,000,000	119,783,660
1988-89	21,727,962	35,182,378	34,939,823	1,543,893	93,908,687
1989-90	18,000,000	31,200,000	80,300,000	4,000,000	133,500,000
1990-91	22,012,584	38,155,138	27,720,475	611,461	88,499,658

Of the ₦93.91m approved in 1988-89 only ₦60.43m was actually released.

Abuja from 1985-89.

DAC from 1988-89.

University of Agric. from 1989-90 Major Grant ₦50m.

National Mathematical Centre 1989-90.

Source.—NUC Lagos, 1991

TABLE 2.6

FUNDING (₦m) PATTERN OF 10 FEDERAL POLYTECHNICS 1980-90 (RECURRENT AND CAPITAL)

Year	Total Amount Requested (a)	Total Amount Recommended (b)	Amount Received (Recurrent) (c)	Amount Received (Capital) (d)	Internally Generated Revenue (e)	Total No. of Students (f)	Unit cost Per Student (g)
1980	60.700	60.700	20.677	49.600	—	6,782	8,511.22
1981	80.000	80.000	20.677	49.524	—	9,652	2,142.28
1982	93.084	63.084	39.144	47.000	1.117	12,054	3,247.41
1983	107.331	67.331	39.600	42.000	9.756	13,197	3,000.68
1984	120.078	84.179	41.809	22.136	2.408	14,726	2,938.13
1985	176.500	86.451	38.260	28.709	2.542	15,477	2,472.06
1986	188.790	88.799	38.539	5.677	3.659	15,000	2,569.24
1987	195.078	99.500	37.853	16.307	4.460	14,840	2,550.75
1988	206.568	105.500	60.359	28.473	4.266	16,758	3,601.83
1989	215.086	130.655	71.024	61.185	3.325	19,331	3,674.09
1990	247.295	147.295	82.028	37.436	3.027	22,242	3,687.96
TOTAL	1,690.510	1,013.494	489.970	387.443	35.200	—	—

Source.—National Board for Technical Education, 1991

Table 4.2:

FUNDING PROFILE OF FEDERAL COLLEGES OF EDUCATION FOR 1990 (MILLIONS OF NAIRA)

COLLEGE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FCE ABEOKUT.	14.927	14.927	5.788	0.400	4.400	1729	3,879
FCE AKOKA	26.852	26.852	4.756	0.816	0.023	954	5,404
FCE ASABA	28.207	28.207	3.419	0.400	0.085	325	11,751
FCE BICHI	25.786	25.786	3.483	0.400	0.013	287	13,502
FCE KOTANGO	24.744	24.744	5.829	0.400	0.325	[illegible]	[illegible]
FCE KATSINA	21.765	21.765	5.805	0.317 -		2003	2,462
FCE KANO	30.753	30.753	4.015	0.400	0.178	1165	4,065
FCE GOMBE	52.169	52.169	4.450	0.591		1831	2,649
FCE OBUDU	15.419	15.419	4.508	0.458	0.111	672	7,300
FCE OKENE	18.721	18.721	4.475	0.400	0.191	1090	4,472
FCE PANKSHIN	14.979	14.979	4.043	0.400	0.074	1211	3,917
FCE POTISKUM	26.013	26.013	3.296	0.400		206	17,942
FCE YOLA	18.433	18.433	4.031	0.400	0.070	1317	3,820
FCEONDO	20.748	20.748	5.535	0.400	0.282	1830	3,271
FCE OHCKU	21.537	21.537	3.316	0.400	0.137	426	8,770
FCE OYO	20.272	20.272	4.966	0.510	0.194	1024	3,825
FCE ZARIA	23.978	23.978	4.991	0.400		1121	3,917
FCE UMUNZE	15.000	15.000	3.000 -		0.076	395	8,219
FCE GUSAU	15.000	15.000	3.000 -		0.027	99	30,303
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

Source: National Universities Commission.

