Impact of Subsidy Removal on Tertiary Education In Nigeria

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Abstract: The removal of petrol subsidies in Nigeria has resulted in a notable escalation in the prices of goods and services, impacting both public and private sectors. This phenomenon's pervasive effects extend to tertiary institutions, which are particularly vulnerable due to the nature of their services. This research paper systematically examines the impact of subsidy removal on tertiary education in Nigeria. Employing a secondary data approach, information was sourced from both printed materials and online publications. The findings unequivocally demonstrate that the removal of subsidies has cast adverse ramifications on tertiary education, manifesting as amplified operational costs, elevated tuition fees, increased expenses for research initiatives, augmented outlays for infrastructure provisioning, and necessitated alterations in pedagogical delivery methods across diverse tertiary establishments nationwide. To address these challenges, the paper presents a recommendation for Federal and State governments to allocate a minimum of 20% of the monthly saved subsidy funds toward tertiary education investments countrywide, simultaneously advocating for heightened research funding.

Keywords: Impact, Tertiary Education, Subsidy removal

Introduction
Subsidy was introduced into the Nigerian economy in the early 1970’s, since then, subsidy payment has become part and parcel of the Nigerian system. Between 2011 and 2022, Nigeria has spent about N20t on fuel subsidies. While over N5t is being spent in 2022 about N7t will be spent in 2023 on the same project. The subsidy payment is draining the revenue of Nigerian economy and the fuel subsidies had a huge impact on the economy and the lives of the people. (Punch, 2022; Thecable 2022).

Usen (2021) observed that Nigeria’s petroleum subsidy program has crowded out spending on physical infrastructure and needed investments in critical social sectors like education, water, sanitation and health (WASH) and social protection. In a study conducted by BudgIT, it was revealed that only 2 states, Lagos and Rivers, were able to meet their operating expenses with revenues generated internally in 2020: The 34 other states had to significantly rely on federal transfers (which are made up primarily of oil revenue) and Value Added Tax (VAT) to implement their budgets. In the first quarter of 2022, the NNPC made zero remittance to federation accounts on subsidy payments, leading to a notable reduction in revenue available to be shared by different tiers of government.
The subsidy budget for 2022 is more than the budget of education, health and other critical sectors of the Nigerian economy. The subsidy payment regime is also characterized with huge corruption. Ogunode, Ohunene and Olatunde-Aiyedun (2022) defined corruption as a method that undermines the integrity of institutions and erodes trust within societies. Musa (2022) noted that the fuel subsidy scheme has been fraught with fraud and corruption, and the report of a Presidential Committee on Verification and Reconciliation of Fuel Subsidy Payments between 2009 and 2011, revealed that the government wasted up to N667b (about $4.3b) annually subsidizing millions of litres of petrol that Nigerians never used, or even needed. Some of the gasoline could not even be traced.

The poor management subsidy funds, corruption, increment in monthly subsidy funds, negative impact of subsidy payment on the economy and increment in national and state debt led to agitation by international organizations and Nigerians for stoppage of subsidy regime. Different Nigerian government from 1999 till 2022 have tried to either partially and fully removal of the subsidy but was opposed according (Onyezizibe, & Onwuka, 2012; Ukوزor & Ogunode 2022; Usen, 2022; Ogunode, Ahmed & Olugbenga, 2023; Project Clue, 2023).

The new government elected into power in 2023 at the inaugural speech announce the removal of subsidy on Premium Motor Spirit (PMS), popularly known as petrol. This announcement led to a general increase in prices of goods and services. Punch (2023) and Business day (2023) noted the federal government of Nigeria have announced the removal of subsidy on Premium Motor Spirit (PMS) petrol. Based on this announcement, the Nigerian National Petroleum Company Limited (NNPCL) approved the increment in pump price of petroleum nationwide from average of N189 to average of N500. The development affected all public and private institutions. Every sector of the economy is affected. The health institutions, tourism institutions, financial institutions, judiciary and educational institutions are affected. The removal of subsidy specifically affected both basic education secondary school education and tertiary institutions. This paper aimed to discuss the impact of removal of subsidy on tertiary education in Nigeria.

**Concept of Subsidy**

Subsidy means that a fraction of the price meant to be paid by consumers is paid by the government to ease the burden off consumers. For petrol, the argument is that the amount paid for petroleum by Nigerians is lower than international benchmarks. If subsidy is removed, for instance, it means that the international market determinants will also decide what the price of petroleum will be in the country (Oyedeki, 2021). Subsidy is aimed at lessening the burden or cost of certain products and an attempt at financial support by the government. Subsidy is any government program that lowers the price of a good or service that is consumed by citizens compared to what the price would have been without the existence of the policy (project clue 2023). According to project clue (2023) a subsidy is a decrease in the market price of products and services by the government so that people with limited purchasing power can obtain such goods and services. It occurs when the government assists customers in paying a price that is lower than the market price for consumer products.

**Concept of Subsidy Removal**

Subsidy removal is an official elimination of subsidy on products formerly subsidized. Subsidy n removal is the decision of government or institutions to stop payment of subsidy on products or
services previously subsidized (Ogunode & Aregbesola 2023). Subsidy removal is the stoppage of subsidy regime in an institutions or country. Subsidy removal is the policy of liberating the prices of goods and service to be regulated by forces of demand and supply (Ogunode et al 2023).

**Concept of Tertiary Education**

According to the Federal Republic of Nigeria's national policy on Education (2013), tertiary education is an education given after Post Basic Education in institutions such as Universities and Inter- University Centres such as the Nigeria French Language Village, Nigeria Arabic Language Village, National Institute of Nigerian Languages, institutions such as Innovation Enterprise Institutions (IEIs), and Colleges of Education, Monotechnics, Polytechnics, and other specialized institutions such as Colleges of Agriculture, Schools of Health and Technology and the National Teachers' Institutes (NTI).

Tertiary education according to Ogunode, Edinoh, & Nwafort, (2023) is an education designed for post-secondary education. Tertiary education is a social agents of progress and development in the society and aids technological advancement. Tertiary education is designed to help in the development of nations by providing the high as well as the middle level manpower needed for the social, economic and political advancement through the programme of teaching, learning, research and community services. Olatunde-Aiyedun, Ogunode and Ohiosumua (2021) stated that tertiary education holds a preeminent position within the hierarchy of educational institutions, serving as the pinnacle of knowledge acquisition and production. This tier of education encompasses institutions of higher learning, specifically designed to facilitate both teaching and advanced research endeavours. These establishments possess the authority to confer academic degrees, including bachelor's degrees, thereby contributing significantly to the cultivation of expertise and scholarship.

Research conducted by Adams, Zubair, and Olatunde-Aiyedun (2022) shed light on the intricate dynamics of public tertiary education in Nigeria. The consequences of abandoning infrastructure projects within the realm of tertiary education underscores the critical importance of sustaining and completing such projects for the holistic growth of educational institutions in Nigeria. Furthermore, Aiyedun, Olatunde-Aiyedun, and Ogunode (2021) conducted the study that showcases barriers that impede the advancement of Nigerian universities in global university rankings. The multifaceted challenges that universities in Nigeria face stands as the pinnacle of educational endeavours, fostering knowledge dissemination and creation. The works of Adams, Zubair, Olatunde-Aiyedun, Aiyedun, Olatunde-Aiyedun, and Ogunode collectively contribute to our understanding of the intricacies and challenges within the Nigerian tertiary education landscape, emphasizing the imperative of sustained infrastructure development and the need to overcome obstacles for universities to achieve higher global recognition.

For Adeyemi (2001), higher education is a system which embraces much of the country's research capacity and reproduces the majority of the skilled professionals that are required in the labour market. The goals of tertiary education according to the National Policy on Education of FRN 2013), shall be to: Contribute to national development through high-level manpower training; provide accessible and affordable quality learning opportunities in formal and informal education in response to the needs and interests of all Nigerians; provide high-quality career counselling and lifelong learning programmes that prepare students with the knowledge and skills for self-reliance

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and the world of work; reduce skill shortages through the production of skilled manpower relevant to the needs of the labour market; promote and encourage scholarship, entrepreneurship and community service; forge and cement national unity; and promote national and international understanding and interaction (Ogunode, Iyabode & Olatunde-Aiyedun (2022).

Tertiary education is one of the strongest educational institutions because of its contributions to national growth and development. The tertiary education is very important to the manpower development and training in any country. Tertiary education is the pillar of every nations. The greatest of every nations depend on the tertiary education.

**Impact of Subsidy Removal on Tertiary Education in Nigeria**

There are many impacts of subsidy removal on tertiary institutions in Nigeria. Some of the impact subsidies removal on tertiary institutions in Nigeria includes; increment in operational cost of tertiary institutions, increment in school fees, teaching programme modification and increment operation cost of research programme and increment in cost of infrastructure facilities provision.

**Increment in Operational Cost of Tertiary Institutions**

Subsidy removal have affected tertiary institutions running costs or operational cost. The running cost of tertiary institutions in Nigeria have been affected since the removal of fuel subsidy. The general price of goods and services have increased. According to Ogunode et al (2023) and Tribune (2023) subsidy removal on fuel have led to increment in the general prices of goods and services which tem increase administrative and operational cost in every institutions in Nigeria. Higher fuel prices will directly impact tertiary institutions expenses for implementation of teaching and research programme and other academic services, commuting, or operating vehicles. Increased fuel prices can place an additional financial burden on tertiary institutions managers, who often have limited resources (Olatunde-Aiyedun & Ogunode (2021). The recent announcement by the Nigerian government to remove fuel subsidies have led to increment in operational cost of various tertiary institutions in the country. More money are needed to procure administrative resources that will support administrative functions. With the removal of fuel subsidies, the cost of diesel and petrol used for power in tertiary institutions it has increase. Also, a result, transportation companies, including buses, taxis, and motorcycles, are likely to increase their fares to offset the higher fuel costs. This have directly impacted on procurement of stationaries and other administrative resources as a result of increased transportation expenses (Ogunode et al 2023; Olatunde-Aiyedun, Olamoyegun & Ogunode, 2022).

**Increment in School Fees**

Subsidy removal in Nigeria have led to increment in tertiary institutions school fees across the country. The subsidies removal have led to increment running of various institutions and the only option available is to increase school fees. Ogunode et al (2023); Leadership (2023) and Business day (2023) report Nigerian universities are drastically increasing fees owing to the recent subsidy removal that has shot-up their operational costs in recent weeks. Subsidy removal have led to increment in school fees of tertiary institutions and unity schools across the country. Ifeanyi Abada, chapter chairman of the Academic Staff Union of University noted universities cannot afford to bear the high operational costs and are forced to increase tuition fees. Business day findings showed that several universities have commenced hiking fees. The University of Maiduguri recently increased its registration fees for new students by 385 percent from N39,000

in 2022 to N150,000. Also, University of Benin, in Edo State recently hiked the registration and tuition fees by 38.4 percent for science courses and 40 percent for non-science courses. The Bayero University of Kano announced in its special bulletin the increase in central registration fees, administrative and hostel maintenance charges for undergraduate and postgraduate students. Many Nigerians have linked the decisions of fees increment to the removal of subsidy on petroleum products.

**Tertiary Education Drop out**

Subsidy removal in Nigeria may reduce tertiary education accessibility and increase drop out. The subsidy removal have led to increment in operational cost of tertiary institutions making the institutions to increase their school fees which is the only alternative option they have. The increment in school fees may discourage some people from seeking tertiary education and may force some students to drop. Musa (2023) and Ogunode et al (2023) noted that present regime of fees increment in the public universities may likely affect enrolment rate, retention rate and graduate output rate. With the current high inflation, high of unemployment and high rate of poverty level in Nigeria and now the public universities are now increasing their fees. This development may force many young Nigerians out of the university system. Azresearchconsult (2023) observed that people who are already at a disadvantage may have their access to education diminished if subsidies are eliminated. This is due to the fact that if tuition keeps rising, some families may be unable to afford it, resulting in a drop in student enrolment. Premium Times (2023) reported that Madaki, noted that some universities had increased fees by over 200 per cent and equally increased accommodation fees by 100 per cent. He noted that the increments are coming at a time when households in Nigeria are battling with high inflation and other economic challenges caused by the recent subsidy removal. For instance, Bayero University, Kano (BUK), the University of Nigeria, Nsukka, the University of Uyo, the University of Maiduguri, Michael Okpara University of Agriculture, Umudike and Federal University, Dutse have all increased their fees. “The increase could cause disruptions for a number of students who cannot afford the fees, and while many of them would be forced to defer their studies, others could drop out. Okonkwo (2023) noted that students are another group that is affected by the removal of the fuel subsidy, as they must pay more for transportation to and from school. Many students depend on public transport or private vehicles to get to school, which have become more expensive due to the higher cost of fuel. Some students may have to drop out of school or defer their studies if they cannot afford the transportation costs. Studies by Kajawo & Samson (n.d) Okoli, (2015) and Ogunode & Odanwu, (2023) established that increment in tertiary education schools can led to drop out.

**Teaching Programme Modifications**

Subsidy removal on fuel by the government of Nigeria has affected teaching programme of educational institutions especially the tertiary institutions whose operation of teaching programme partially depend on fuel energy. Teaching programme according to Ogunode, Jegede & Musa, (2021) implementation of teaching programme in most of the tertiary institutions depend on fuel. Both academic, non-academic staff and students need to transport to their various institutions. Ogunode (2023) submitted that the increase in the price of fuel has worsened the state of teachers and students who have to depend daily on transportation to school. It makes life more difficult as most of them depend to effective carry out their educational programme. Increment in price of fuel have affected most academic staff. Most of the academic staff cannot fuel their cars and public facilities are also expensive. The increment have forced many academic staff to restructure their

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lectures to one day or two day per week. The implication of this restructuring of lecture by compressing it may affects coverage of scheme of work or syllable. Other academic staff have option for virtual teaching (Olatunde-Aiyedun, Ogunode & Eyiolorunse-Aiyedun, 2021). The increase affected the mode of operation in some schools. There are schools that have stopped night reading because there are no funds to fuel the generator. If this should persist, there’s no doubt that Nigeria will soon produce quack graduates in the field of science and technology. Ogunode et al (2023) and Okonkwo (2023) concluded that lecturers who are implementer of teaching programme are also affected by the removal of the fuel subsidy, as they have to pay more for transportation to and from work. Many lectures rely on public transport, such as buses, taxis and motorcycles, which have also increased their fares due to the higher cost of fuel. Some lectures may have to spend more than half of their salaries on transportation alone, leaving little for other expenses such as food, rent and health care.

**Increment in Operation Cost of Research Programme**

Subsidy removal in Nigeria have led to increment in carrying out research programme in most tertiary institutions in Nigeria. Research according to Bako (2005) is a systematic search and investigation for increasing the sum of knowledge; and research and development (R&D) as the search and application of this knowledge for the development of improved products, services and industrial processes of capital development. Research is seen by Ajoku as the search for knowledge, truth, similarities and relationships, and finding solutions to problems through the systematic collection, analysis and interpretation of data. Ogunode, Jegede, Adah, Audu, and Ajape (2020) and Ogunode and Abubakar (2020) submitted that research is the second cardinal programme of higher institutions. Research is very important to the development of the society. Research is conducted mostly in the higher institutions environment with the objectives to solve problems affecting the society. The academic staff is saddled with the responsibilities of carrying out researches in the universities. Conducting research is one criterion for measuring their performance. Ogunode and Ade (2023) research is among the criteria used for measuring the performance of the universities. The aim of research programme of the universities is to aid the social, economic and technological advancement of the country. Research programme implementation depend on fuel energy in most tertiary institutions in Nigeria. The cost of research resources have one up because they depend on fuel for transportation from states to state and tis as affected the rate at which students conduct research in the various laboratories across the various tertiary institutions in the country. Project clue (2023) effects of subsidy removal on academic research include disruptions of seminars, presentations, and conferences due to the high cost of transportation and other extra costs of making such effects visible. Further, some academic researchers who do not get support from cooperating organizations may even stop researching since they do not have enough funds to fuel their continuous research.

**Increment in Cost of Provision of Infrastructure Facilities**

The removal of subsidies have led to increment in fuel price have led to increment in the general prices of building materials which are used to provide infrastructure facilities in the tertiary institutions in Nigeria. Ogunode (2020) defined infrastructural facilities refers to facilities aiding delivery of academic and non-academic services in educational institutions. Infrastructural facilities include; libraries, laboratories, halls, offices, administrative blocks, hostels, roads facilities, water, electricity, internet etc. The availability of the infrastructural facilities in adequate quantities will support effective administration of educational institutions and the inadequacies
will prevent effective administration of educational institutions. The former chairman of the Nigerian Institution of Estate Surveyors and Valuers (NIESV), FCT chapter, Adamu Kasimu, as reported by leadership newspaper of 5 of June, 2023 noted that the recent abrupt removal of subsidy on petrol will trigger increase in the cost of building materials and construction. He noted that the removal of subsidy implies that prices of petroleum products, particularly, PMS would be determined by market forces. This policy might generally lead to increased costs of construction in terms of labour and petroleum related materials input cost. In supporting this view, Punch of 12th of June, 2023 reported the Chief Executive Officer of Ace Hi-teck Construction Company Ltd, Adewunmi Okupe, maintained that the removal of the subsidy would trigger prices of building materials to rise and worsen the country’s house gap. He observed that when building materials become unaffordable, then the housing product itself will be very far from affordability. A former President of the Association of Town Planning Consultants of Nigeria, Moses Ogunleye, concluded that housing delivery would be affected by the removal of the petrol subsidy. He said, “For instance, the sector relies on fuel, specifically petrol to power equipment like a mixer, block moulding machines, welding, tilling, and so on. So, when the cost of fuel goes up, the cost of delivering these components will also go up. More importantly, the cost of transporting materials from one end to the other will also go up. Increased PMS prices have the tendency to severely impact the provision of infrastructure facilities in tertiary institutions across the country.

**Conclusion and Recommendations**

In conclusion, this study extensively examined the repercussions of subsidy removal on tertiary education in Nigeria. The findings revealed that the removal of subsidies has brought about an increase in operational costs for tertiary institutions, escalated tuition fees, amplified expenses related to research programs, augmented the outlay for infrastructure facility provisioning, and necessitated alterations in teaching program methodologies. Based on these comprehensive insights, the paper advocates for the implementation of the following recommendations:

- Federal and State governments should allocate a minimum of 20% of the monthly funds saved from subsidy removal towards investing in tertiary education nationwide, with a concurrent increase in research funding.
- The Federal government should allocate 5% of the saved subsidy funds towards providing school buses for all tertiary institutions, facilitating convenient transportation for students and staff.
- Tertiary institutions should review and enhance staff salaries to align with the prevailing economic circumstances.
- Federal and state governments should initiate scholarship and bursary programs targeting economically disadvantaged students across the nation.
- Palliative measures for infrastructure development should encompass initiatives such as providing school buses through lease agreements, conducting termly teacher training, granting educational subsidies to educators and administrators, establishing educational banks to offer soft loans to teachers, school proprietors, and parents, and extending tax exemptions to teachers and educational institutions.

Implementing these recommendations is pivotal to mitigating the adverse effects of subsidy removal and fostering the growth of tertiary education in Nigeria.

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