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## Cost and Quality Assurance

Private higher education institutions, especially of the family-owned variety, are able to survive because they have lower production cost. The average cost of graduating a student is generally lower than in public higher education institutions. They are able to keep the unit cost of production low because they rely on part-time faculty, have lean administration and concentrate on offering programmes (social sciences, humanities and business studies) that do not require substantial investment outlays. This enables them to keep tuition affordable. But it also has an impact on quality and on the distribution of higher education in general. Average quality of higher education could be an early casualty of private provision. This is largely a consequence of the approaches of private providers to cost minimization. There is likely to be a trade-off between increased access and quality at least in the short to medium term.

There will be labour market implications if a government's imprimatur no longer serves as an indicator of the legitimacy and quality of a program because of the proliferation of providers. Some countries, (for example, Nigeria) have tried to deal with the issue of quality by creating Joint Admissions and Matriculations Board (JAMB) whose purpose is to standardize criteria employed in selecting potential university and other higher education entrants. But this will not be enough in an increasingly differentiating higher education system. To assure quality accreditation, institutions will need to be established, mechanisms created and evaluation methodologies developed to ensure "that a degree is a degree".

Although efforts are underway in many African countries to assure quality, a lot still needs to be done. In South Africa, for example, a National System of Accreditation and Quality Assurance has been put in place. In East Africa, the East African Council on Tertiary Education is seeking to put in place a quality assurance system for the sub-region. Egypt's new 20-year higher education plan envisages the establishment of an accrediting agency. But these efforts, if they are to be successful must be based on a system for measuring the quality of inputs into the education production function. The quality of teachers must be improved, libraries must be well stocked, science and technology departments must be improved and students and faculty must be part of the international community of learning and knowledge creation. However, Africa's private higher education providers have so far not been active participants in the accreditation drive. They are yet to recognize that it is in their own self-interest to be part of the accreditation effort in order to obviate the need for greater government interference in the sector.

## Market Relevance

For governments, one of the reasons for expanding the higher education sector is to provide technical manpower for the domestic and perhaps export labour market. This could boomerang if poor quality manpower is provided. The consequence would be a glut in the labour market. Privately owned higher education institutions will be contributing to the growing unemployment problem if they do not produce graduates with the skills that the labour market requires. The rapid rate of growth of private provision suggests that it is

important that African governments set up working and effective higher education statistical agencies to collect and analyze data for informed decision making. Tracer studies should be undertaken to get feedbacks from the labour market and consultations with employers, alumni and other stakeholders should be carried out on a regular basis.

## VI RECOMMENDATIONS

Private provision of higher education is now a reality in many African countries. That reality is far from homogenous. It is not unlikely to disappear from the African educational landscape in the foreseeable future as long as the factors that contribute to its emergence remain. The emerging evidence suggests that if properly harnessed, the private higher education institutions can be a force for good. But that requires that African countries put in place a number of policies to unleash their potential. In particular, African governments need to consider the relationship between public and private in order to exploit the hidden synergies to creatively address the issues of access, large enrolments, clustering at the bottom of the quality ladder, providing credential but no value. A list of possible areas for policy consideration is discussed below.

### Promotion of equity

As discussed in the preceding section, the promotion of equity is an important issue that governments seeking to expand access to higher education must address. Policies to promote private provision may not be Pareto-neutral. Governments can make them Pareto-improving through the provision of financial aid, including scholarships and loans to academically able students. Although scholarships based solely on academic merit may not benefit the poor enough and concessional loan programs may be difficult to target. This will be the case if performance on examinations is a function of household characteristics and if collateral is required for loans.

In the past, many governments established scholarship programs with the expressed purpose of making it possible for academically able students from well-off homes to attend higher education. Many countries have had to scale back their scholarship programs because of resource constraints. In some, government scholarship programs have been replaced with government student loans schemes. But there are problems with students' loan scheme across Africa. Kenya, for example, reports a very high default rate and in Nigeria, the Students Loans Board has ceased to exist because of non-repayment of beneficiaries.

Private financial institutions may be better placed to administer the loans. In South Africa, for example, most banks offer student loans at reduced interest rates. The organized private sector can also become partners in the financing of higher education. In Nigeria, for example, oil companies, and a number of large corporations, award post-secondary scholarships. But the scope for this is limited. Even in the United States where financial institutions and regulations are strong, the government provides the majority of loans that students receive, not the private sector. There are three main reasons why the private sector does not provide education loans:

1. *Moral hazard:* The search for work makes young adults an exceptionally mobile group with weaker social ties to established communities. This makes it more difficult to trace their whereabouts and consequently collect outstanding loan debts. (As described earlier, one way this can possibly be addressed is to link the student's progress towards repaying the loan to access of the student's parents to credit services).
2. *Transition Costs:* Because the amounts are relatively small, the number of loans beneficiaries are numerous, and the duration of the entire process is lengthy. Education loans are more difficult and costly to administer than the average commercial loan.
3. *Lack of collateral:* Assuming banks gladly accept the previous risks, if a stagnant economy produces hardly any employment opportunities for graduates, then all bets are off. Of course, governments can pass and implement tough collateral and collection laws, but this would be excessively punitive considering the moribund economy, and would create a sizeable deterrent effect on poor students accepting loans and attending higher education.

### Expansion of access and choice

As our analysis has shown, access to higher education in most African countries is biased in favour of the middle and upper class households and residents of urban areas. There is also limited access to women and significant ethnic and geographical disparities exist. Private provision of higher education can help expand access and contribute to poverty reduction efforts if it results in improved access for the poor, underserved groups such as women and minorities. Governments can encourage private providers of higher education to fulfill this role through a number of mechanisms:

\*Encourage private providers, through a system of incentives, such as tax credits, to locate in rural areas.

\*Setting aside a number of places in private universities for students from poor communities and rural areas and disadvantaged groups such as women, ethnic minorities and full academic scholarship in lieu of taxes;

\*Putting in place a system of financing that makes it possible for the poor to pay for their education.

### Promoting strategic complementary

More of the same is not necessarily better. Creating more universities with different degrees of admission requirements will serve a vital role in increasing access to vast numbers of students who are not in the top of their classes and are therefore excluded from higher education in many systems. The following model can be helpful. Consider a world in which there are two providers of a service – private and public. Consider also that there are only two possible ways of financing this service – public or private financing. (Higher education can be completely publicly financed and publicly provided (as in the former Communist countries, Cuba, Algeria) or completely privately financed and provided as in many parts of Latin America. In reality, we observe a mix.) What combination of public and private provision and financing

can result in the best (optimal) mix? This is a difficult question to answer *ex ante* but the schema below (Figure 5), with provision represented along the rows and financing as columns can help.

**Figure 5: Public/Private mix in higher education provision**

		FINANCING	
		PRIVATE	PUBLIC
PROVISION	PRIVATE	A: PUER PRIVATE	B: PRIVATE/PUBLIC
	PUBLIC	C: PUBLIC/PRIVATE	D: PURE PUBLIC

The matrix above provides a framework for thinking of about complementary between public and private providers of higher education. From the matrix we can conclude as follows:

- ❖ Some higher education products can be completely privately financed and privately provided as in Cell A or completely publicly financed and publicly provided as in Cell D. To be in cell A, some conditions are necessary. First the fixed cost of entry must be low and the marginal cost of provision must be low as well. As example here could be accounting, business and computer studies. Second, the degree of appropriability of the full benefits of the education must be high. This suggests that private providers will on average be much more likely to adopt a “niche” strategy – orientation of their activities toward some limited but comparatively stable and underserved segment of the education market. Investors may focus on establishing schools that require little fixed cost or concentrate on courses that are experiencing a labour market boom.
- ❖ In quadrant D – public provision and public financing, the following conditions are necessary. First, the fixed cost of entry is generally high. Examples include engineering and medicine and teacher education. The marginal cost is also very high. Second, a number of the courses offered are likely to have the characteristics of a public good. Examples include medicine, agricultural research, oceanography.
- ❖ There is considerable scope for collaboration and building complementarities in quadrants B and C where we have public provision and private financing or private provision and public financing. In quadrant B, we have those fields of study that can be privately provided but publicly financed. These areas of study must have very high rates of social return. An example here could be nursing, criminal justice, medicine. Quadrant C on the other hand shows that there are some courses that can be publicly provided but privately financed. This could include law, civil aviation (pilot training), marine and oceanographic engineering, etc.

The analytical model proposes two strategies that are likely to be pursued by private providers of higher education. First, they may focus on establishing institutions that require little fixed cost and/or that are focused on fields that are

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experiencing a temporary labour market boom. The cost of exit will be minimal should the venture turn out to be not profitable. Or they can remain in the market for the long haul in the expectation that they will build up a reputation and eventually become a market leader. Niche market strategy is also likely to be adopted, with provision being oriented towards some limited but comparatively stable and underserved segments of the education market.

The model also suggests that there are some higher education products – from a purely resource point of view – probably best left to the private sector to provide. Governments seeking to promote complementarity between the two sectors may be well served to focus attention on those products. Consider, for example, remedial education for university courses. A degree-by-credit system can be introduced whereby private tertiary institutions with less selective admissions standards can be coupled with a “full” university (traditional institutions with stricter academic requirements). Students start out getting some credits in the “lesser” institution and working their way up. Those who do well in the starting institution and earn a certain number of credits can transfer those credits to the “full” university where they can finish their degree. Degree-by-credit will also allow students in very difficult financial situation to temporarily stop their studies, take time off to seek or earn money and, return to school after they have saved up enough.

The framework also suggests the scope for public/private partnership in the provision and financing of higher education. Implicit in it is an argument for farming out to the private higher education sector (conditional on their maturity and reputation) some courses traditionally provided by public sector higher education institutions. Identifying which those courses are and the appropriate modality for farming them out will be crucial as countries seek to rationalize their higher education systems.

### **Promoting Competition**

There is very little competition in the African education market. Public universities are generally not making efforts to encourage differentiation among themselves. Each aims to be as big as the other. Governments may promote private provision of higher education as a way of encouraging competition and innovation in the higher education sector. Schools will compete over students – seeking to attract the best students – and over resources. To compete for students, schools will seek to differentiate themselves from each other either in the quality of their faculty, the resources they offer to students, or a variety of attributes.

Governments can play an active role in promoting this competition and in encouraging innovation partly by funding public and private schools through competitions for the best research proposals in different areas of study. Funding may be made contingent on the success of the proposal. Those schools presenting the best proposals (and the proposals adjudged to be the best) receive funding regardless of ownership. This kind of funding through competition exists in Chile and it is believed that it has encouraged a system where public and private universities have each built reputations for excellence in particular fields. Each

competes for the best faculty in order to further strengthen academic programs for which it is already renowned, or to compete in programs for which it wants to become better known.

Funding of institutions through research projects further raises the stakes of competition since universities with the best faculty will probably have the best projects, get the most money, and acquire the most prestige. As a result, these universities attract more able and academically gifted students, consulting arrangements with businesses, and business professionals willing to pay a lot more money to take classes specifically designed for them.

### **Monitoring and Accreditation**

There is a tradeoff between quality and expansion of access; the average quality of graduates falls as access to higher education expands. (To see why, the reader may wish to refer to Figure 5) This has implications for the reputation of the higher education system as a whole and also for the labour market. Previous to expansion, employers could be sure of the quality of every higher education graduate because they were chosen from the upper tail of the distribution of university applicants. New entrants into the market (private providers) absorb those applicants who could not win a place in the more competitive universities. Average quality falls, and a university will no longer be as important a criterion for employment decisions as it previously was. Employers will as a consequence develop other screening mechanisms, increasing the cost of production.

This scenario requires that governments ensure and assure quality of higher education. They must ensure that “a degree is a degree is a degree.” In order to do so, governments must create quality assurance measures and systems of internal review by schools themselves. In addition, they must put in place a system of external reviews by an independent body of peers and other evaluators who have authority to establish evaluation criteria and monitor the progress of schools in complying with its findings. Finally, they must also train and certify these evaluators.

Degrees should not be treated as commodities. Each country must have laws on the books disallowing the use of unaccredited degrees as credentials in the absence of a genuine screening process. To control quality – many of these private universities should be formally affiliated and controlled by the older public universities. The authorities of the older universities should design and administer the examinations, award academic degrees, set the minimum entry qualification and supervise the hiring of academic staff. This is essentially what is being done in India.

### **Regulatory Reforms**

The manner in which the private provision sector in Africa develops will depend to a considerable extent on legal and regulatory environment. In many countries, the laws and regulations are unclear. It is important to reduce barriers to entry, and to reform laws and regulations so as to remove the preponderance of unnecessary restrictions while maintaining the emphasis on necessary and sound oversight.

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## VII CONCLUSION

Private higher education institutions in Africa can be a force for good. Private provision of higher education is, however, on the rise but the government remains the dominant provider in all countries of the continent. It is now clear that higher education can be produced through a mixture of public and private provision and financing. This development has implications which policy makers are yet to think through or appreciate. The emergence and survival of privately provided and privately financed higher education shows that African households are willing and able to invest in their own human capital in a manner that is consistent with the human capital model of Schultz and Becker. It also shows that there is

considerable scope for private provision in most countries and that the private sector can be a source for the mobilization of additional resources for higher education in most African countries.

By itself, the private higher education sector is unlikely to fulfill its promise. Many of the providers are small; have no resources for innovation, research; are lacking in intellectual capital, instructional materials and well trained instructors; and have limited access to information. The public sector will need to explore innovative ways to unleash and harness the potentials of the private higher education. The regulatory environment and income growth will be important factors determining how this sector develops.

## Cartoon

# The Travails of the State University Teacher

By UACALIU

**THE Nigerian State University teacher has to assume the role of the ancient mariner because the peculiar history, traditions and aspirations of State Universities constitute an albatross.**

The history of the state university in Nigeria is normally rooted on certain cardinal imperatives. The first and the most important imperative is political. State Universities in Nigeria are set up primarily to satisfy political motives. That is why such universities are sited in the villages and towns from which the founding governors originate.

The second plank for establishing Nigerian State Universities derives from protest. They are protest-derived in the sense that they emerge from scenarios like “well, the Federal Universities have or are discriminating against our indigenes and so, why don’t we start our own”?

From available facts, this why-don’t-we-start-our-own mentality accounts for the massive support that normally herald the foundation of every State University in Nigeria. Unfortunately, however, this enthusiasm wanes with each passing year and with every change in the state government.

The traditions of Nigerian State Universities are, indeed, largely at variance with federal and oversea universities. For instance, the conduct and perception of ceremonies like the matriculation, convocation, inaugural lectures etc sharply conflict with what obtains in federal and oversea universities.

These ceremonies are so politicized and laced with so much traditionalism that at the end of the day, it becomes difficult to differentiate a university function from a traditional ceremony.

That is even not the problem. The real problem emanates from the unique approach our state universities adopt regarding employment, disciplinary processes, admission policies, administration, appointment of persons into offices etc. To be candid, there is nothing university about our state universities in their approach to these matters.

It is for this and other misnomers that the State University teacher in Nigeria has to be a special specimen of mankind. To really flourish, he has to be a Captain Ahab, journeying into

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*Among the whales the teacher has to combat are over crowded classrooms and bustling examination halls. As he examines and grades mountains of scripts, the State University teacher also has to contend with teaching multitudes of knowledge-hungry young men and women. This is beside the supervision of long essays and theses that are equally in large volumes.*  
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the abyss of the ship of life to battle whales.

Among the whales the teacher has to combat are over crowded classrooms and bustling examination halls. As he examines and grades mountains of scripts, the state university teacher also has to contend with teaching multitudes of knowledge-hungry young men and women. This is beside the supervision of long essays and theses that are equally in large volumes.

Though so heavily-laden, the state university teacher is still a Dave Sanders, undervalued, greatly deprived, in fact, made a man who was almost a man. The salary he earns, peanuts of course, is normally so long in coming. His allowances are always in abeyance. For the State University teacher, the month ends only when the Vice-Chancellor and the Governor please; because they always have stories to tell about dwindling fortunes and zero-allocations.

More so, given the usually rural location of the State University and its poor housing policy, the traditions and norms of the immediate environment in which the teacher lives, directly or indirectly rub off on him. It is therefore not surprising for the teacher to become skewed in reasoning, taste and in everything.

So, instead of counting number of conferences attended, books and publications authored, many a state university teacher hanker after mundane things like chieftaincy titles, count the number of plots of land acquired, the quality of supermarket run by his wife, the kind of car driven by his first son, etc.

In fact, the State University is fast becoming a curious spectacle to behold and study; a place requiring rehabilitation; a home of travails indeed.

# The ₦55m Scandal and the season of Sleaze: Time to rethink our reform programs

**L**ONG before 22<sup>nd</sup> March, 2005 when President Obasanjo, in a national broadcast officially confirmed the existence of thieves in his government, the Federal Civil Service, and the National Assembly, the generality of Nigerians have known that each major organ of our government harbours, in varying degrees, a population of irresponsible persons. Since that broadcast, more evidence of the irresponsibility of our leaders have come to light, some of which are the Housing scam which eventually claimed the then Minister, Mrs. Mobolaji Oshomo; the Tafa Balogun Billions; the case of the N3.7 billion fertilizer contract scandal involving the Minister of Agriculture, Alhaji Adamu Bello; etc. Perhaps the only thing new about these “revelations” is that we now have faces, names and figures to associate with the irresponsibility that for quite some time have been very much a treasured companion of our governments.

Nigerians know that some people steal or help in the stealing of their mandates, loot their treasury, destroy their collective heritage, perpetrate injustice against them, and support, tolerate or defend all of these. We may have lacked the courage to admit it before, but our tolerance for the kind of people we entrust with leadership is more scandalous that what they do with their positions. However, we can now see what our leaders do with our trust. But by far the worst manifestation of irresponsible behaviour of our leaders is in the area of policy formulation and implementation. Every policy is, of course, just a choice out of other alternative policies. It is also obvious

By  
**P. LUMUMBA PHILEMON**  
e-mail: [luphilemon@yahoo.com](mailto:luphilemon@yahoo.com)

that any policy can benefit either the rich or the poor, but not both. Thus, policy choices can only be deliberate, and they reflect the character of those behind them. Unless checked, those entrusted with the job of making policy can only come up with policies designed to suit their kind. It is certainly no coincidence that all those named in the current season of sleaze are precisely the same people responsible for policy formulation and implementation; law enforcement; legislation and oversight functions in the country.

I have heard it said, sometime by otherwise reasonable fellows, that it is the “Nigerian system” or “Nigerian factor” that breeds irresponsible

“*I’d rather believe that the “Nigerian System” is in such a mess today because a breed of irresponsible persons have since taken over the business of government and have succeeded in making it crook compliant.*”

behaviour in those concerned. If that was the whole story, then we might as well all fold our arms and do nothing because the situation would be hopeless. The police and the courts might as well close shop. I’d rather believe that the “Nigerian System” is in such a mess today because a breed of irresponsible persons have since taken over the business of government and have succeeded in making it crook compliant.

It is in this context that we must rethink this whole idea of reform programs that are being **forced** down our throats. Granted, the reform programmes have never lacked justification. Intellectuals steeped in orthodox traditions and well versed in classical and neo-liberal paradigms have been used to drag us by the nose. Either due to ideological dogmatism or purely through dishonesty, intellectuals have been providing governments with the rationale for all kinds of strange actions, decisions or policies in the name of reforms. Unfortunately, counter arguments have been no less academic, with the result that the whole climate of debate confuses more than it clarifies. I believe that a better approach is to x-ray the reform programs in terms of who and who actually benefit from them – the few rich and privileged ones or the majority of the people. That should form the basis for our rethink. Clearly what we choose to tolerate is a direct result of who we decide to tolerate.

Privatisation as a component of reform essentially transfers public assets that belong to all citizens to those who have the money to buy them. That was how all those Federal Houses in Lagos ended up, at least before the denials and the presidential intervention, as properties of the vice-president, ministers, governors, military

top brass, legislators, top ranking civil servants, the CBN governor, madam due process, etc. No “ordinary” Nigerian was named among the beneficiaries; not because, as President Obasanjo seems to be saying, this category of Nigerians was not invited to participate but because they actually cannot afford the prices. It would certainly be desirable for all Nigerians to own their own houses; but until the economic realities permit it, privatization in a country such as the Nigeria of today, where the majority are poor, can only benefit a small minority. Gbenga Obasanjo, the Son of President Obasanjo was said to be lamenting that “some people” are busy buying up Nigeria – which may be a reflection of the president’s feeling (or knowledge). And the president is busy fighting corruption – as he should. One may only wonder at the sheer irony of it all. I think that the Junior Obasanjo should know that selling off Nigeria is what privatization is all about, what it is designed to achieve. And so “some people” are buying it off. In the same vein, the Senior Obasanjo should know that privatization in Nigeria serves two related ends: it provides a convenient outlet for stolen wealth i.e. money laundering; especially as western banking institutions are becoming less likely to safeguard such loot. Secondly, our privatization programme makes it more tempting to steal.

Apart from the fear that privatization can only benefit the few, there is the criminal aspect: where the few got the money in the first place. I am confident that if we sincerely restrict privatization only to legitimate earnings, the whole programme would come to a natural halt because only a fraction of what is on offer can be sold at the end of the day. As it is, the bulk of what is used to “buy off” Nigeria actually comes from Nigeria’s own pocket. And this clearly defeats the original argument for the privatization programme in the first place – that Nigerian government cannot afford to provide social services for its citizens. But, it is rich enough to allow one person to steal N13 billion, spend most of it in buying shares and other assets long before he was “caught”.

I should make the point clearly. Privatisation or any other policy for that matter, is neither good nor bad in itself. A policy must conform to the environ-

ment in which it is to be applied. A policy whose implementation excludes the majority is injurious to the society in which it operates and should not be tolerated. In the case of Nigeria, before privatization we must do what it takes to make it work i.e. to ensure the participation of the majority. We must build the capacity of the people to generate wealth i.e. we must empower the people economically. All societies attest to the fact that economic development and empowerment are realizable only through the provision of good and functional education, health, jobs and welfare to all citizens. Empowerment must precede participation. Any suggestion to the contrary is only mischievous. And to insist that such policies which promote private ownership in an environment of mass poverty are done in the interest of the masses is outrightly dishonest and simply irresponsible.

Therefore, we should not, for instance, accept that the deregulation

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*Only those elected and performing according to their mandate should be tolerated in office. I harbour no illusions that this would be easy; I only believe that it is a lot easier to resist bad leadership than to expect a gang of irresponsible persons to formulate and implement policies for the masses unless compelled to do so by popular will. As several countries in Eastern Europe and former Soviet Union have demonstrated, no power can stand against the will of the people.*

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policy which effectively makes energy costlier, is good for the economy. It is certainly good for the owners of filling stations; importers; transporters; commission agents etc. but it is the majority of the people that constitute the economy. Its effect on our economy is more to raise the cost of production, the prices of goods and services, the level of unemployment and poverty.

We should not accept the reform which effectively makes education a private good. If we do, we are actually saying, for instance, that an individual who trains as say, an engineer or a medical doctor, derives more benefits from his practice than the society which he serves. If society benefits from the services of professionals and other educated people, then society must take responsibility for producing them through education. Thus education must remain a public good in order that the majority would benefit from it. Neither should we tolerate mass retrenchment and continuing refusal to provide jobs whatever the excuse.

A clear lesson from this season of sleaze is that Nigeria has a lot of money that, if not used to provide for the citizens, would certainly be stolen from them – to buy off their collective inheritance and destiny. Another lesson is that the law works if and when it wants to.

A meaningful reform, therefore, should seek to improve crime detection and prevention, law enforcement, the administration of justice, and the system of accountability, including the political aspect. Those in authority, for obvious reasons, cannot be counted upon to look after the interest of the masses on their own volition. In a true democracy, this means that the masses must use their political power more seriously. Only those elected and performing according to their mandate should be tolerated in office. I harbour no illusions that this would be easy; I only believe that it is a lot easier to resist bad leadership than to expect a gang of irresponsible persons to formulate and implement policies for the masses unless compelled to do so by popular will. As several countries in Eastern Europe and former Soviet Union have demonstrated, no power can stand against the will of the people.