

NIGERIAN EDUCATION LOAN FUND (NELFUND) AND STUDENTS IN TERTIARY INSTITUTION IN NIGERIA

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Abstract

Access to tertiary education has expanded globally through the provision of student loans, enabling individuals to invest in their human capital despite financial limitations. These loans complement governmental and institutional grants, making higher education more attainable and boosting the overall educational level of the population. In Nigeria, the recent establishment of the Nigerian Education Loan Fund (NELFUND) represents a major policy intervention aimed at easing financial constraints for students in tertiary institutions. This initiative has generated widespread debate regarding its potential to transform the higher education landscape and influence students' financial futures. Nonetheless, apprehensions persist about the burden of debt repayment, particularly against the backdrop of the nation's high unemployment rates. Anchored on the Human Capital Theory and employing a qualitative documentary method, this study examines the implications of NELFUND for Nigerian students in tertiary institutions. The paper posits that successful implementation of the student loan scheme could significantly enhance Nigeria's economic development by fostering a more skilled and innovative workforce. Additionally, by reducing financial barriers to education, the scheme could encourage greater foreign investment and create a more competitive economic environment. However, the study highlights the need for a careful balance between promoting access to education and mitigating the risks of loan defaults. It concludes that the long-term sustainability of NELFUND will depend on the establishment of robust funding frameworks and effective repayment strategies.

Keywords: Nigerian Education Loan Fund (NELFUND), Student Loans, Tertiary Education.

Introduction

Higher education is generally accepted as an essential human capital investment with significant payoffs for individuals and society. It generates big positive externalities, such as higher economic productivity, improved standards of living, higher tax revenues, and reduced crime rates benefits that ultimately contribute to stronger public institutions and national development (Marginson, 2011; Hazelkorn & Gibson, 2019). Economists often debate whether higher education is a public or private good. Although some argue that the public good warrants the use of significant public resources, others emphasize the requirement for the beneficiaries to co-fund the cost, particularly in poor environments (Williams, 2016).

Student loans have emerged as a strategic way of bridging the funding gap in higher education worldwide. The loans are usually subsidized or structured with relaxed terms, including sub-market interest rates, grace periods, or inflation-indexed repayments (Ziderman, 2004). Recent data from global agencies such as the World Bank and UNESCO indicate that education loan

programs that are well-designed can significantly expand access to tertiary education while enhancing mobilization of resources, particularly in low- and middle-income countries (World Bank, 2017; UNESCO, 2022).

Economic limitations are the largest hindrance in Nigeria, where the majority of Nigeria's population are youths seeking tertiary education. To address this, the government initiated the Student Loan Initiative under the Access to Higher Education Act, 2023, later repealed and reenacted as the Student Loans (Access to Higher Education) Act, 2024. Signed into law by President Bola Ahmed Tinubu, the initiative aims to provide interest-free loans to the students in the public tertiary institutions, thereby enhancing equal access to higher education (World Bank, 2020; Vanguard, 2024; Punch, 2024).

Despite being promising, the initiative has been contentious. Its supporters view it as a revolutionary step towards inclusive education, while opponents worry about implementation, long-term debt sustainability, and governance concerns observed under the abrogated 2023 Act. The 2024 reform seeks to address these loopholes and establish a more transparent, accountable, and student-centered system via the Nigerian Education Loan Fund (NELFUND) (Guardian, 2024). This study explores the evolution of student loan schemes in Nigeria, focusing on the establishment and prospects of NELFUND within the new regulatory framework. The study also examines the prospects and challenges for recipients, based on available literature, human capital theory, and lessons from other countries. The concluding part offers recommendations to enhance the sustainability and fairness of student loan operation in Nigeria.

Review of Extant Literature

Student loan schemes are a highly widespread policy tool across approximately 75 countries with the aim of expanding access to higher education (Shen & Ziderman, 2009). The schemes usually fall into the two broad models of repayment: mortgage-type loans and income-contingent loans (ICLs). Mortgage-type loans, the most widespread in countries like China, Japan, and India, involve fixed monthly repayments over a specified period independent of the borrower's income. On the other hand, ICLs, which started in Australia in 1989, tie up repayment levels with borrowers' incomes and are more secure and flexible in periods of job loss or low earnings (Chapman, 2014). New Zealand, Hungary, and the United Kingdom have begun the use of ICLs, whereby repayments are typically levied through national tax collection systems, advancing administrative convenience.

Among the hybrid models used by countries such as Norway, South Korea, and America is the fixed-schedule income-contingent loan. It is used to enable low- or no-income borrowers to delay repayment until incomes increase (Johnstone, 2009). In developing economies, private student loans from the private sector have played a crucial role in cost-sharing among governments, families, and banks, which relieves public fiscal burdens (Duraismy & Duraismy, 2016). Well administered, the schemes also contribute to the achievement of Sustainable Development Goals (SDGs), specifically SDG 4 (Quality Education) and SDG 8 (Decent Work & Economic Growth).

Recent research highlights financial literacy and income security as being central to the success of loan schemes. Jamil et al. (2022) mention post-pandemic payment difficulties, such as low income, high cost of living, and income volatility. These issues need a greater degree of borrower consciousness and a culture of delayed gratification. Germany, Japan, and New Zealand offer interest-free lending to facilitate access, although the repayment rates vary considerably. For instance, the Czech Republic boasts a repayment rate of 108%, which reflects a commercialized lending strategy, while countries like Nigeria (11%) and Egypt (12%) have low repayment rates and high implicit subsidies, or "hidden grants" (Ziderman, 2004).

Nigeria's earlier experience with student loans holds a cautionary tale. The Nigerian Students Loans Board (NSLB) established in 1972 by Decree No. 25 was the country's first formal attempt at increasing access to higher education through credit. But it was plagued by administrative inefficiencies, poor tracking mechanisms, and an entrenched culture of default. In 1991, only 13% of disbursed loans had been recovered. As such, the NSLB was subsequently replaced by the Nigerian Education Bank in 1993 by Decree No. 50, which also collapsed owing to the same structural issues (Agora Policy, 2023).

The view of student loans as entitlements instead of obligations that could be repaid further dented the schemes. BusinessDay (2023) adds that the initial programs were hampered by weak enforcement and civic attitudes that discouraged people from repaying. Without adequate institutional or legal means to provide incentives for compliance, default reached epidemic levels and brought distrust into the system and its sustainability. The failures of these programs have raised doubts regarding the new 2023 Student Loans Act, with economists warning that without adequate reforms in governance, transparency, and public information, the current program will make the same mistakes as in the past.

Adding to this, Isiaka and Olaniyan (2024) suggest that although the new NELFUND student loan program has the potential to expand access, it also risks trapping graduates in long-term debt, especially in the case of a job-starved economy. Using the Nigerian experience in comparison with the U.S. student loan crisis, where there is over \$1.8 trillion in outstanding debt, the authors sound a warning that unless there are measures put in place, Nigeria will be on the same trajectory. Bernal et al. (2023), in citing Fryer and Loury (2005), highlight that student assistance could support academic commitment by poor students. However, the effectiveness of any support program, like NELFUND, depends on equitable distribution, long-term funding, transparent administration, and concessionary terms of repayment.

Generally, the research offers compelling evidence on both best practice globally and context-specific issues of student loan schemes. They show that even though education loans can ease access to learning and social mobility, success is contingent on good institutional systems, fiscal prudence at the hands of the beneficiaries, and Cultural Revolution in the attitude towards loans as investments and not rights. In Nigeria's case, addressing deep-seated inefficiencies and cultural perceptions is key to the success of current and future education funding initiatives.

A Theoretical Discourse on Human Capital Theory

The Human Capital Theory provides a useful lens through which to observe the Nigerian Education Loan Fund (NELFUND) and its impact on students in higher learning institutions. McConnell et al. (2009) hold the position that individuals who possess higher levels of training, skills, and education are better placed to make more productive contributions in the labor market. This highlights the basic assumption behind NELFUND: investing in the education of Nigeria's future is not just a social good but an economic strategy for development.

In the past, Adam Smith (1973) stressed the need to maximize human capabilities for increased production. Subsequently, Theodore W. Schultz (1961) officially brought forward the theory of human capital and underscored the role of education as a means of investment. Gary Becker (1964), who took the theory further, asserted that different levels of training and education result in different wage and career prospects. Becker again asserted that human capital, just like physical capital, could be accumulated through education, training, health improvements, and even migration, all for the aim of enhancing the productivity of the individual.

Keeping this theory in mind when applied to NELFUND, the project can be understood as a national endeavor to build Nigeria's human capital. By granting interest-free loans to students, the government seeks to overcome the financial barriers to higher learning so that more of Nigeria's youth who constitute the majority of Nigeria's population can gain the knowledge, skills, and capabilities needed to fuel economic development and innovation. As Ulrich (1998) later argued, human resources can no longer be thought of as costs to be cut back but as essential assets that generate future value.

Besides, Thomas Davenport (1999) expounded on human capital factors including intelligence, general and specific knowledge, skill, talent, behavior, and effort all of which are enhanced by higher education. Through NELFUND, students get exposed to prospects that enhance these factors, readying them for better employment prospects and higher levels of income in the future, as Human Capital Theory anticipates.

In essence, NELFUND aligns with Human Capital Theory in the sense that it realizes that investment in education will bear long-term economic dividends, not only for immediate individual beneficiaries but also for national economic development. The theory affirms that through increased access to higher education, Nigeria is economically building a better, more creative, and more competitive human force that will lead national development.

Study Context and Methodology

The study was conducted within the context of Nigeria, officially known as the Federal Republic of Nigeria. Located in West Africa, Nigeria is bordered by the Sahel to the north and the Gulf of Guinea in the Atlantic Ocean to the south. Covering an area of 923,769 square kilometers (356,669 square miles), Nigeria is the most populous country in Africa and the sixth most populous in the world, with a population exceeding 230 million people (National Population Commission, 2023). The majority of these population consists of youths who aspire to acquire higher education.

According to the TETFund report of late 2023/and early 2024, Nigeria has approximately 262 universities, 183 polytechnics, and 236 colleges of education, including federal, state, and private institutions, which together serve an estimated 2.5 million students (TETFund, 2023). The study employed exploratory qualitative methods, utilizing the documentary approach, a systematic process of document collection, analysis, and interpretation to derive inferences and build empirical knowledge (Bowen, 2009). In this case, the study examined documents, files, and records related to the Nigerian Education Loan Fund. The data collected were content-analyzed to facilitate thematic interpretation and contextual understanding.

Evolution of Student Loan Schemes in Nigeria and the Establishment of NELFUND under the Access to Higher Education Act, 2023

The history of Nigerian student loans can be traced back to 1972 when the government of General Yakubu Gowon's military regime established the Nigerian Students Loans Board. The establishment was to support students who, due to poor finances, struggled to finance their tertiary education. It has been argued by some analysts that the establishment of the Nigerian Students Loans Board (NSLB) was in the context of post-civil war rehabilitation programs.

Although the Nigerian Civil War had ended in 1970, its impact on the economy, specifically the families and businesses, still remained. The government wished to alleviate this economic burden on families, particularly in regard to loss of businesses during the war, by granting loans to students (Adeniran, 2008). It was a move to empower the youth to pursue education for the development and growth of the nation. While the intentions were good, it was very difficult to recover and implement the loans. The NSLB had long difficulties in recovering payments, and the majority of students could not repay the loan after graduation. The loans, therefore, became a drain to the government, and reforms had to be undertaken in the system.

In 1988, under General Ibrahim Babangida's military regime, Decree No. 12 was introduced. This decree aimed to decentralize the loan system, making regional offices eligible to give and recover loans. This restructuring was supposed to make the student loan more accessible and efficient in its management (Ogundele, 2009). However, this measure did not fully put an end to the issues in the loan system.

Subsequently, in 1993, Babangida replaced the Nigerian Students Loans Board with the National Education Bank (EDUBANK), established by Decree 50. EDUBANK was meant to manage student loans more effectively, but the bank never gained traction under Babangida's rule. Financing, management, and lack of political will were the hindrances to its success, and it vanished into thin air after Babangida's departure.

Over twenty years later, in 2016, during the regime of Muhammadu Buhari, Honourable Femi Gbajabiamila, then the Leader of the House of Representatives, brought to the floor a bill titled "Bill for an Act to Provide for Easy Access to Higher Education for Nigerians Through Interest-free Loans from the Nigerian Education Bank." The bill was an attempt to address the increasingly high demand for affordable and accessible education in the nation, particularly as the charges continued to rise. But this bill took a long time coming and did not go through while Buhari was in power in his second tenure.

The bill received fresh momentum in 2022 when it was brought under review. The Senate and House of Representatives, respectively, approved the bill on November 23, 2022, and had passed the bill now amended to being known as the "Students Loan (Access to Higher

Education) Bill, 2019." This marked the beginning of confronting how the reintroduction of the student loans was to have innovative structures and access. The bill remained delayed, however, when the Buhari regime never signed the bill into law when it lapsed.

Finally, on June 12, 2023, Nigeria's new president, Bola Tinubu, took office to sign the bill into law, now known as the Access to Higher Education Act, 2023. The act is a landmark step towards providing government-backed student loans to Nigerian students, and access to education is no longer limited by financial considerations. The legislation aims to provide interest-free loans to students to enhance the accessibility of tertiary education to Nigerians, with the promise of a more organized and sustainable repayment plan.

The President officially announced and launched the Nigerian Education Loan Fund (NELFUND) on July 17, 2024, marking a significant policy shift in the financing of higher education in Nigeria. The initiative aims to expand access to tertiary education by removing financial barriers for eligible Nigerian students. In terms of eligibility, only Nigerian citizens residing in the country are qualified to apply for the student loan. Furthermore, applicants must be enrolled in public tertiary institutions either state or federal as students in private institutions are currently excluded from the scheme (NELFUND, 2024).

NELFUND's Coverage across Tertiary Institutions in Nigeria

Nigeria's higher education system is a widely diversified mix of over 600 public and private institutions, including universities, polytechnics, monotechnics, and colleges of education. Among these, the public institutions primarily federal and state-owned universities, polytechnics, and colleges of education are the core concern of the Nigerian Education Loan Fund (NELFUND) program. There were over 90 federal and state universities, approximately 120 polytechnics, and over 200 colleges of education in 2023 (NUC, NBTE, NCCE, 2023). Institutions are nevertheless disproportionately located throughout the regions, proportionally to long-standing significant regional disparities in infrastructure, access, and state investment.

Recent figures released by NELFUND on 26 March 2025 show that 525,936 students have enrolled on its online loan application platform. Of these, 445,015 applicants applied successfully and were accepted for student loans, a high 84% success rate. This is a high participation rate in the scheme and is an indication of the effectiveness of the application process. The figures show that public tertiary students are increasingly capable of accessing financial aid to fund their studies (NELFUND, 2025a).

Nevertheless, despite these encouraging figures, disaggregated information on the institutional and geographical distribution of the beneficiaries is not available. It is unknown how students from distance, under-endowed, or newly established institutions are faring under the scheme. Without an institutionally broken-down figure that is publicly available, it is challenging to assess the equity of coverage, particularly in under-served states or areas of low past rates of higher education enrollment (NELFUND, 2025a).

Aside from the rise in awareness and adoption, NELFUND experienced a 192% increase in successful applications on March 25, 2025, compared to the previous day. 2,523 new applicants completed their loan application on that single day, while 1,313 students joined the platform. These figures are a sign of increased trust in the Fund and suggest successful sensitization campaigns or institutional support guiding students through the process (NELFUND, 2025a).

While these trends indicate widening coverage, the message is for institution-building in preparation and digital infrastructure provision, especially in lower-development areas. To raise NELFUND's coverage on a fair basis will require concerted work with tertiary institutions, regional monitoring of the level of participation, and selective support for students in disadvantaged communities (NELFUND, 2025a). The Chart below shows trend of registered students, total loan application, institutional loan and upkeep loan disbursement.

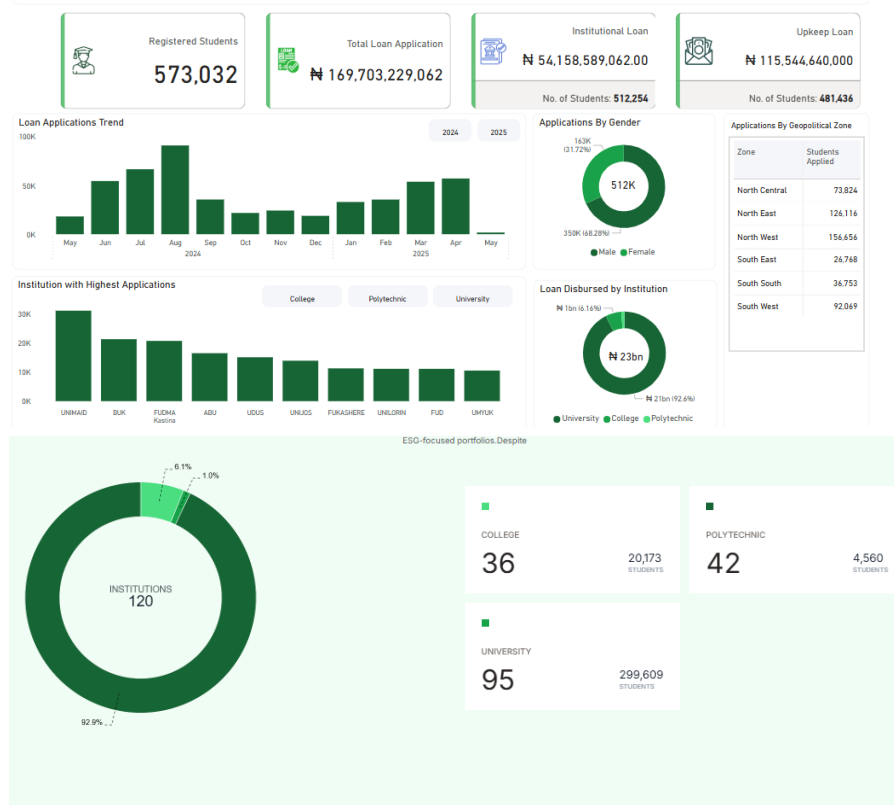


Figure 1: showing the total number of NELFUND coverage according to institutions as of April, 29th 2025. Source: <https://nelf.gov.ng/our-impact>, assessed on 2, May, 2025

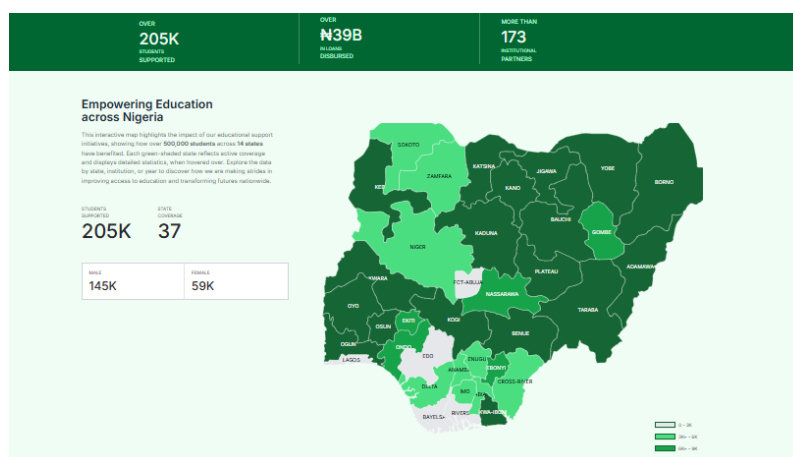


Figure 2: NELFUND coverage across the 37 states of Nigeria of 29th April, 2025
Source: <https://nelf.gov.ng/our-impact>, assessed on 2, May, 2025

Data on the NELFUND website shows that, the scheme has disbursed a total of ₦45.1 billion in student loans since operations started in May 2024. This amount includes ₦29.86 billion for fees to institutions and ₦15.23 billion for upkeep allowances to students. Over 525,000 students have registered under the programme, and nearly 445,000 have obtained access to funding a success rate of up to 84%.

NELFUND has expanded its coverage to more than 59 state and federal-owned institutions of higher learning across the country. Some prominent universities were awarded substantial disbursements, financing tens of thousands of undergraduate students. The funds have significantly benefited state-supported universities, particularly those located in regions with higher student populations and institutional needs.

The loan scheme not only encouraged financial alleviation of students and their parents but also worked towards promoting fair access to higher education. Despite differences in regional allocation, the scheme forms a key effort by the Nigerian government to institutionalize education funding as a poverty alleviation framework for sustained national development. However, the professionals are interested in transparency, accountability, and robust recovery mechanisms to ensure that the program is sustainable and also avoid the failures that were witnessed in previous student loan programs in Nigeria.

Disbursement Breakdown

Even though ₦147.9 billion has been assigned for disbursement, the disbursed figure of March 25, 2025, is ₦45.1 billion. The composition of the amount disbursed comprises: ₦29.86 billion for institutional fees (i.e., tuition and academic charges), and ₦15.23 billion disbursed to students as maintenance allowances for expenditure on living." This fiscal intervention marks a significant milestone in the federal government's attempts to assist students and facilitate educational inclusion through prompt financial aid.

NELFUND also posted a high level of application activity on March 25, 2025, with successful applications rising by 192% compared to the previous day. Specifically, 1,313 new students applied to the platform, while 2,523 new applicants successfully applied for loans. Furthermore, another ₦871.3 million was disbursed within 24 hours, reflecting the Fund's increasing capacity to process and disburse funds in a timely manner.

These developments suggest greater awareness of the scheme, improved operational efficiency, and more accessibility to students across the country. As NELFUND continues to increase its operations, continued monitoring and transparency of data will be important to ensuring equal access and long-term impacts.

To underscore the growing popularity of the scheme, as of May 3, 2025, data accessed from the NELFUND X page (formerly Twitter) indicates an exponential increase in student loan applications, participating institutions, and loan disbursements, as illustrated in Figure 3 below.

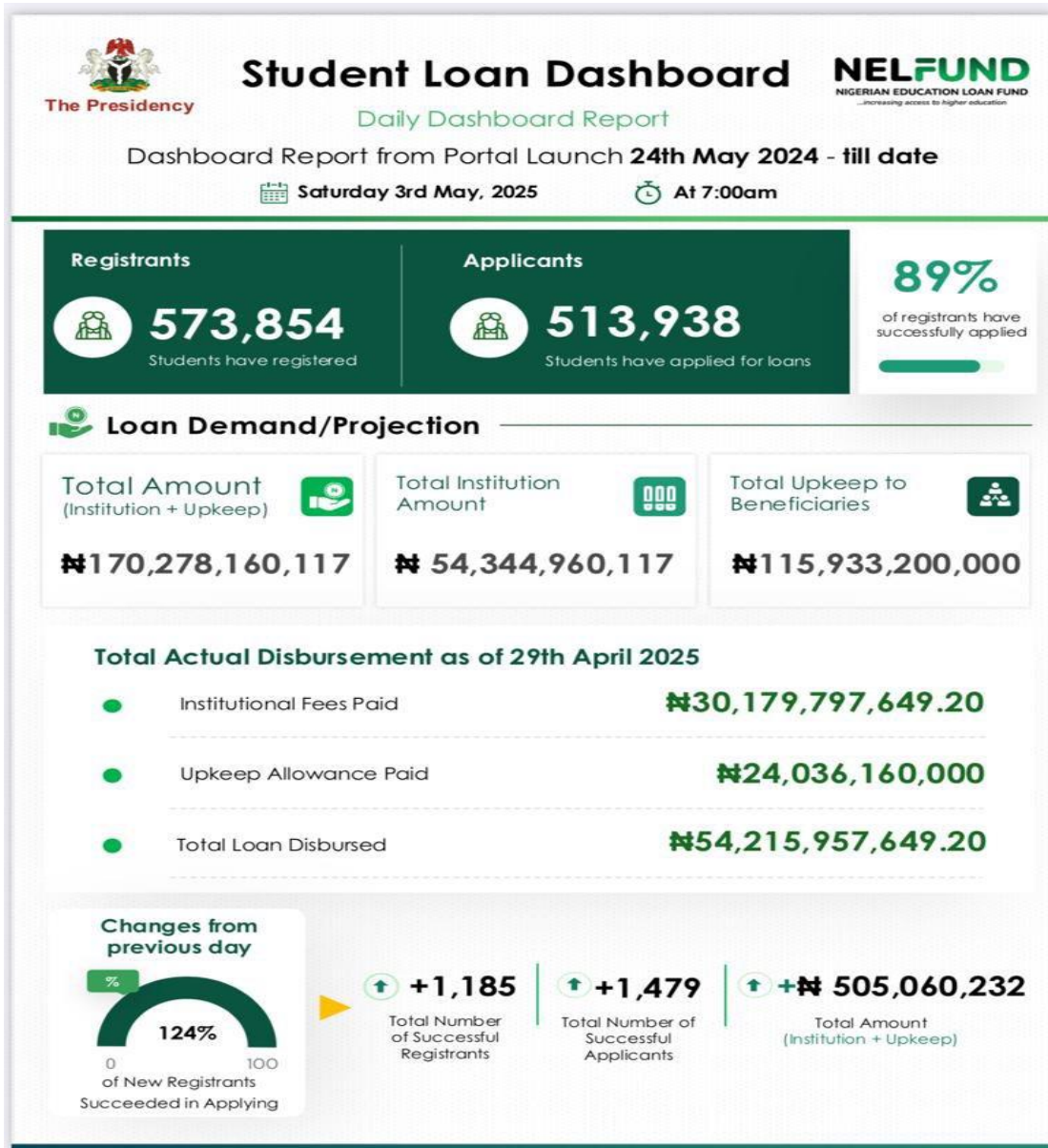


Figure 3. Statistics of Enrolment on the NELFUND Platform as of 29th April, 2025

Source: Student Loan Dashboard of 3rd May, 2025

<https://x.com/nelfund/status/1918565347008864435?s=48>

Opportunities and Challenges of NELFUND Loans for Student Beneficiaries

The Nigerian Education Loan Fund (NELFUND) was established with the basic aim of removing economic obstacles to higher education and ensuring equitable access to Nigerian students pursuing studies in public tertiary institutions. As summarized in its 2025 policy objectives, the Fund is expected to: enhance higher education access, offer financial inclusion without prejudice, improve skills development, improve socio-economic mobility, reduce dropout rates, and propel national economic growth through investment in human capital (NELFUND, 2025).

In accordance with these objectives, NELFUND envisions an education financing system that does not deny any qualified Nigerian the opportunity to pursue academic advancement due to poverty. Its general mandate is to ensure access to education loans, improve equality of opportunity, and collaborate with stakeholders to enhance the efficiency of student support schemes.

An example of opportunity provided by NELFUND is through its interest-free loan facility and delayed repayment pattern. The graduates are to start paying back two years after they complete their mandatory National Youth Service Corps (NYSC), through deductions of 10% every month from their wages. Beneficiaries who are self-employed are also required to pay 10% of their monthly earnings. This flexible framework is meant to ease financial pressure and provide graduates with room to stabilize economically before payment can be initiated. Regarding those who remain unemployed beyond two years since NYSC, the policy requires notice to NELFUND in a sworn affidavit at regular intervals of every three months.

However, recent history of Nigeria's student loan schemes should be recalled, having seen the collapse of the Nigerian Students' Loans Board (NSLB) established in 1972, an equivalent venture for greater access to tertiary education through public loans. The 1972 scheme collapsed due to widespread issues like low repayment rates, weak enforcement mechanisms, weak tracking systems, political interference, and absence of a credible database of beneficiaries (Bello & Olaniyan, 2023). These structural issues led to unsustainable debt levels and total loss of public confidence in the scheme. Now, the same vulnerabilities are already surfacing in the NELFUND program. Among the key challenges is the absence of a unified tracking and monitoring portal through which stakeholders can monitor trends in disbursement, repayment patterns, and usage at institutional levels. Without it, transparency and accountability may be compromised, and suspicions of double applications and mismanagement by ineligible individuals creep in. Also, there could be difficulty in enforcing repayment commitments in the absence of good legal systems and internet networks reiterating the main reasons for 1972 initiative failure.

Regional disparities also contribute to these problems. NELFUND statistics indicate that students in the North-West geopolitical zone received the highest disbursed loans as of January 1, 2025 (Ugoladi, 2025). While this might be a reflection of application patterns, it testifies to the necessity of equality of geographic distribution particularly where there is weak digital access, awareness, and institutional readiness.

Another directly connected issue is the discrimination against students in private universities. Although the program targets public schools, this discrimination disproportionately affects poor students who will be driven into private universities due to oversubscription in public universities. Denying them the privilege of borrowing from them works to consolidate socio-economic disparities and contradicts the Fund's vision of education equality.

Transparency and inclusion remain essential to the credibility of the program. NELFUND is recommended to provide disaggregated data by demographic gender, state of origin, institution affiliation, and number of students with disabilities among beneficiaries to enable more

effective analysis of the impact and equity of its activities. Moreover, the long-term sustainability of the program is in doubt. The excessive dependence on government appropriations in an era of unstable public revenue has been brought into doubt. Without diversified funding streams such as public-private partnerships, donor contributions, and alumni contributions, NELFUND may struggle to deal with rising demands.

Overall, unless the lessons drawn from the 1972 student loan program are seriously contemplated and eschewed, there is a serious risk that NELFUND would end up repeating the same errors. Sealing these loopholes by virtue of having strong legal frameworks, electronic confirmation mechanisms, targeted outreach, and fiscal openness is absolutely critical to steer the Fund through and to free its transformative potential.

Sustainability of NELFUND in Nigeria

The Nigerian Education Loan Fund (NELFUND) is backed by key federal institutions, dominated by the Federal Inland Revenue Service (FIRS) and the Tertiary Education Trust Fund (TETFund). By the start of 2025, the Fund reportedly has over ₦130 billion in liquid funds to be disbursed, thus constituting a well-capitalized program that can finance the financial needs of students in institutions of higher learning. Besides institutional funding, the Federal Government also allocated ₦175.13 million to NELFUND in the 2025 national budget, once more reasserting its commitment to its policy of facilitating increased access to education through subsidized credit facilities.

NELFUND's operational target for 2025 is ambitious: to enroll 1.2 million students on its loan platform. (Student Loan Dashboard of 3rd May, 2025). While the size of this goal reflects growing national demand for student financing, it also raises important questions regarding the long-term sustainability of the Fund, particularly to new public issues. These include the repayment arrangement for loans, which has yet to be put to the test in significant numbers. Stakeholders have raised questions regarding whether students will incur long-term debt commitments without clear, enforceable, or equitable terms of repayment. These concerns are magnified by the poor graduate employability index in Nigeria and the absence of an overall loan recovery system or trace of post-graduation earnings.

Also, while NELFUND now appears financially robust, its sustainability in the long term depends on a number of structural and fiscal weaknesses. Preeminent among these is the fact that it relies heavily on government appropriations. Given Nigeria's historically uncertain budgetary environment and crosscutting fiscal constraints, ongoing government contributions to the Fund cannot be guaranteed. Without a diversified and self-sustaining revenue stream such as leveraging the potential of public-private partnerships, education bonds, or graduate income-based contributions NELFUND may struggle to match the increasing demand for student loans in future cycles. This could potentially reduce the capacity of the Fund to scale and therefore limit its impact on fair access to tertiary education.

In order to guarantee its long-term viability, NELFUND shall need to set in place efficient risk management mechanisms, open loan recovery channels, and explore alternative sources of funding. Institutional reform, computerization of loan follow-up, and involvement of the

stakeholders most notably employers and tertiary institutions shall also be vital to facilitate the Fund's development as a sustainable pillar for financing Nigeria's higher education system.

Conclusion

The establishment of the Nigerian Education Loan Fund (NELFUND) represents a significant policy intervention in surmounting financial barriers to tertiary education in Nigeria. By making interest-free loans available to students in public tertiary institutions, the scheme has the potential to enhance access, reduce dropout, and promote socio-economic mobility among Nigerian youths. However, to allow NELFUND achieve the intended impact, issues of equity, transparency, sustainability, and efficient repayment schemes need to be addressed frontally. With robust implementation and continuous monitoring, NELFUND has the potential to become a change agent in closing the education gap and promoting inclusive national growth.

Recommendations

Based on the foregoing analysis, the following recommendations are suggested to enhance the effectiveness, equity, and sustainability of the Nigerian Education Loan Fund (NELFUND);

Realize Financial Viability through Diversified and Sustainable Sources of Funds

To reduce dependence on annual government subventions and ensure long-term viability of NELFUND, funding channel diversification is critical. This can be realized through public-private partnerships with the private sector, the issuance of education bonds to attract investment, receiving contributions and technical support from development partners abroad, and creating alumni endowment and philanthropic donation frameworks. A diversified funding source will safeguard NELFUND against policy changes, fiscal shocks, and budget delays, while offering consistent and regular support to poor students.

Increase Equity and Inclusion in Access to and Coverage of Loans

Early interventions are essential to reverse regional disparities and social disparities in the distribution of education loans. There must be a national regional demand and equity analysis to align loan disbursements with the national education needs and trends in enrollment. Special focus must be given to students from poor families, rural regions, and marginalized communities. Students in accredited private institutions of higher learning, some of whom have enrolled due to insufficient space in state institutions, must also be included in the scheme. Meeting digital infrastructure and access requirements, especially in rural areas, is important to facilitating all eligible students on an equal footing to participate in the loan program.

Increase Transparency, Monitoring, and Accountability

Transparency is central to NELFUND's performance and credibility. A real-time digital and centralized tracking system needs to be established to track loan disbursements, payments, and application processing. A publicly accessible dashboard must also display disaggregated data by gender, region, institution, and disability to enable external scrutiny. Frequent regular independent audits and performance assessments must become ingrained, with their reports made accessible in order to encourage accountability and spur continuous improvements.

Design a Fair, Enforceable, and Flexible Repayment Mechanism

In an effort to prevent loan defaults and sustainability, NELFUND must have a repayment mechanism that is clear, enforceable, and sensitive to the employment level of graduates. These include automatic deductions of 10% from formally employed beneficiaries' wages, and flexible, income-dependent repayment mechanisms for informal sector workers and self-employed individuals. Policy and legal frameworks need to mandate data sharing between NELFUND, employers, and financial institutions to ensure compliance. Furthermore, the federal government can consider introducing public sector internship programs or temporary work assignments for unemployed graduates after they have completed their National Youth Service Corps (NYSC), thereby enhancing their repayment capacity.

Promote Multi-Stakeholder Engagement and Institutional Responsiveness

NELFUND works through extensive, participatory engagement with a wide variety of stakeholders. There needs to be effective collaboration with universities, polytechnics, student bodies, banks, employers, and civil society organizations to encourage the design, implementation, and monitoring of the loan scheme. Ongoing consultations with stakeholders are necessary in order to realign policies in response to changing socio-economic realities and educational requirements. There must be a permanent advisory council made up of key stakeholders to provide strategic advice, ensure institutional agility, and increase the sensitivity of the program to the shifting national priorities.

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