

# EDUCATIONAL FINANCING IN NIGERIA: POLICY OPTIONS FOR THE 21ST CENTURY

by

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## INTRODUCTION

Human resources represent the most important variable in a country's development equation. It is the human resources of the country that ultimately influences the character and speed of its economic and social development. The degree of sophistication of goods and services produced in a society depends largely on the quality of its human resources. In line with this thinking, Harbison (1973) noted that, "Human resources constitute the ultimate basis for wealth of nations. Capital and natural resources are passive factors of production; human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisations, and carry forward national development. Clearly, a country which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything else". Kennedy (1978) observes that manpower ... is the indispensable means of converting other resources to mankind's use and benefit. How well we develop and employ human skills is fundamental in deciding how much we will accomplish as a nation. The manner in which we do so will, moreover, profoundly determine the kind of nation we become.

Consistent with the above thought pattern, developing countries including Nigeria, have attempted to develop human skills and knowledge through the expansion of educational opportunities with the rationalisation that such an effort is a sine qua non to national development. The crucial roles of education in this direction particularly in Africa, has also been very well articulated in the literature. These include among others: Building the technical expertise for efficient institution building and economic management; exerting a significant influence (mainly through education of women) on fertility rate; empowering women and other rural dwellers as well as operators in the urban informal sector to participate fully in the development process; providing the technology base needed for African industrialisation and food security; enhancing health delivery system from the primary to tertiary levels; generating lucrative employment through skills acquisition and entrepreneurship, providing mass and enduring literacy to support the grassroots democratisation process; creating a crop of well-informed political and lucrative elites with deep cultural commitment to national development; and providing a generalised capacity to absorb economic shocks as well as cope with the complexities of modern development (Umoh, 1995). The realisation of the mutually reinforcing relationship that exist between manpower and economic development in Nigeria has resulted in deliberate efforts by the relevant authorities at manpower planning. Indeed, the main thrust of the Fourth National Development Plan, 1981-1985 was among others "to increase the

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nation's stock of trained manpower through the expansion of existing educational and training facilities and the establishment of new ones".

In Nigeria, all governments from independence (civilian and military ) have stressed the importance of manpower development through the quantitative and qualitative expansion of education at all levels. In Nigeria's planning experience which started with first plan of 1962 - 1968 to the fourth plan of 1981 - 1985, education was accorded priority somehow. In the first development plan (1962 - 1968), education was allocated x139.526 million, representing 10.3 per cent of the total planned allocation, placing education as the fifth priority sector after transportation (21.30%), Electricity (15.1%), Agriculture (13.6%), and Commerce Industry (13.4%). However, in term of actual allocation, education got x91.308 million (8.5%), representing a target achievement rate of 65.4 percent as against respective actual allocations of 22.6, 15.0, 9.8, and 8.9 percent for Transport, Electricity, Agriculture and commerce industry.

In the second, development plan 1970-1974, actual allocation to Education stood at x509.16 million, representing a target achievement rate of 63.7 percent. The allocation to education in the second development plan was second only to transportation. In the Third and Fourth National Development plans of 1975-1980, and 1981 - 85, respectively, actual allocation to Education stood at x2994.48 million and x1487.90 million, respectively, representing respective target achievement of 93.8% and 48.7 percent. However, while in the third plan, education was second in the priority allocation profile, it occupied the fifth position in the fourth plan.

This paper examines the manpower development, productivity, and economic growth in Nigeria with a view to fashioning out alternative policy options for the 21<sup>st</sup> Century. Accordingly, the remaining part of the paper is arranged thus: Part One dwell on the conceptual and theoretical issues. Part Two reviews past developments in Education and training in Nigeria. Part Three examines Nigeria's manpower development policy. In Part Four the paper examines the standard options proposed for educational financing in Nigeria. Part five outlines policy options for the next millennium.

### 1.1 Conceptual and Theoretic Issues

(a) **Manpower Theorizing:** Several approaches in analyzing investment in human capital exist. In this segment, an attempt is made to present three scenarios illustrating investment in human capital. It is expected that a return on such investment would enhance the level of labour productivity.

(ii) **Investment - Education:** For the purpose of our analysis, let assume that a person has to decide whether to enter the labour force or to continue his education. Essentially, he/she has to select one or two alternative income streams. Supposing the decision is after the completion of secondary education at the time.  $(t) = 0$ . His income ends with retirement at  $t = T$ . If he enters the job market immediately then his income stream is represented by  $g(t)$ . If he decides to continue his education say proceed to university then his income is shown as  $Z(t)$ . University education, thus, entails an investment in human capital. The income difference which is its cost can be represented thus:

$$\int_0^T S^p_0 g(t) - Z(t) dt \quad - \quad (1)$$

And his return will be

$$\int_0^T S^T_p Z(t) - (g) dt \quad - \quad (2)$$

where:

- $g(t)$  = income stream if he enters the labour force immediately;
- $Z(t)$  = income stream if he enters university
- $t$  = time
- $T$  = retirement age
- $P$  = Point (period) when the decision is made.

Therefore, investment cost will include both direct costs and the cost of forgone earnings. The rate of return for investment in a University education, denoted by  $r$ , is determined by equating the present values of its costs and returns:0

$$S^T \int_0^T f(t) - g(t) e^{-rt} dt = 0 \quad (3)$$

Solving equation (3) for its single variable  $r$ , a decision is made by comparing  $r$  to the market rate of interest,  $I$ , if  $r$  exceeds  $I$ , then university education is a desirable investment, otherwise it is not. In this particular model, the individual makes the choice. Whether his decision benefits society or not does not matter to him.

- (ii) **Training as Investment:** In this case, workers are trained to meet specified job requirements. Suppose a competitive firm employs homogenous labour and pay a wage that is equal to the value of its marginal product ( $w = vmp$ ). Suppose the government intervene by asking the firm to employ some Nigerians because they are disadvantage. For this group,  $VMP < W$

The cost of training ( $v$ ) is the present value of the difference between the wage rate and  $f(t)$ :

$$V = S^T \int_0^T [w - f(t)] e^{-rt} dt \quad (4)$$

Where:

- $w$  = wage rate
- $f(t)$  = Marginal product (MP) for the group
- $f(t) < W$  for  $t < T$
- $f(t) = W$  for  $t > T$
- Output price = 1

The allocation of these costs among the firm, the disadvantaged group and the government hinges on the institutional setting. Without government intervention, the entire cost would be borne by the disadvantage group. The firm would be indifferent. In some countries, the government would pay the training costs to the firm and the firm would in turn pay the disadvantaged worker a wage of  $W$ .

- (iii) **Earnings - Cycle and Human Capital:** Like other forms of capital, human capital depreciates over time. However, through further training and learning, the depreciation could be offset, hence increasing the stock of human capital over time. Assume an individual whose earnings cycle goes from  $t = 0$  through  $t = T$ .

Suppose the stock of human capital at a period in the cycle is denoted by:

$$H_t = H_{1t} + H_{2t} \quad (5)$$

Where the subscripts 1 and 2 represent the quantities of human capital used to generate income and more human capital. Let income at  $t$  be:

$$Y_t = aH_{1t} \quad (6)$$

$a > 0$

New human capital is derived from current human capital via strictly concave production function:

$$q_t = \alpha H_t^B \quad (7)$$

The rate of change of the stock of human capital is given by the differential equation:

$$\frac{dH_t}{dt} = q_t - UH_t \quad (8)$$

Where  $U$  is the depreciation rate of human capital. The investment cost for the production of human capital is foregone earnings:

$$C_t = bH_t \quad (9)$$

Accordingly, any optimal investment in human capital programme is one which maximizes the present value of the individual's income stream:

$$V = \int_0^T Y_t e^{-it} dt \quad (10)$$

The marginal cost of producing a unit of human capital at  $t$  is derived by differentiating equation (9):

$$\frac{dC_t}{dq_t} = \frac{a}{1/B_B} q_t (1 - B)/B \quad (11)$$

Further differentiation of equation (11)

$$\frac{d^2 C_t}{dq_t^2} > 0 \quad (12)$$

Equation (12) indicates that marginal cost (MC) is increasing with respect to  $q_t$  but is constant with respect to  $t$ . An extra unit of human capital at  $t$  generates an income stream of a less depreciation. The present value of this marginal revenue is:

$$\frac{dR_t}{dq_t} = a \int_0^T e^{-(1+u)p} dp = \frac{a}{(1+u)} [e^{-(1+u)t} - e^{-(1+u)T}] \quad (13)$$

Equating equation (11) and (13)

$$q_t = 8x \frac{1/(1-B)_B}{(1+u)} e^{-(1+u)t} e^{-(1+u)p} AB / (1+u) \quad (14)$$

$$\frac{dq_t}{dt} < 0$$

An analysis of the model suggest phases for investment in human capital. During the early years, marginal revenue (MR) exceeds marginal cost (MC) and the entire stock of human capital is used for producing more human capital and income is zero. In the middle years as MR decreases, the stock is utilised both to produce more and to generate income (MR = MC). After this state, the production of human capital declines rapidly with the decline in MR. Eventually, a situation is arrived at where additions to human capital are not adequate to offset depreciation.

The models presented above represents classical and neo-classical orthodoxy in terms of investment in human resources. These models exclude important variables such as class, but merely proceed with emphasis on individualism. In Nigeria, the kind of education or training one receives depend on several variables including state of origin, income of parents, religion, etc.

## 1.2 Productivity

The concept, productivity mean different things to different people and in fact, different thing to the same people at different time period. However, the least controversial definition of

productivity is that, it is a quantitative relationship between output and input. Output is what is produced. Input on the other hand is less easily defined. This is because there are several inputs and these can be classified into capital, labour and material. A composite measure of average productivity can be obtained simply by dividing output by the sum of all inputs. As an overall productivity index, composite measure of productivity can be used in assessing the performance of the national economy and the profitability of all sectors in the economy. This measure of productivity could have been adequate, but for the aggregation problem, input can only be added up in money units and output therefore has to be expressed in money units. The resultant productivity index is economic productivity and not physical productivity which, obviously, is more meaningful to most of the users of this measure. Consequently, a single factor measure of productivity is more widely preferred, and the factor that receives much emphasis is the labour input. In the main, two reasons account for such approach; labour is the most important factor of production; and labour is the most easily quantified factor of production. As stressed by Onwioduokit (1996), labour is the only factor of production which has conscious control over its contribution to output.

The productivity of labour can be measured either as output for operator or output for man-hour. It can be expressed either in money value (economic productivity) or in quantities (physical productivity). It should however be noted that the contributions of other factors cannot be ignored in the measurement of labour productivity. Although the productivity of labour is said to have increased either when there is a fall in the input of labour per unit of output or when a given volume of output can be produced by the use of a smaller input of labour, such an improvement cannot always be fully attributed to the performance of labour alone. The two environment in which two "identical" units of output were produced or in which two "identical" units of labour operated cannot be "identical" in all respects.

Several factors are therefore known to be influential on the level and trend of labour productivity. If the growth of labour productivity is considered both as a cause and effect of the growth of output, these factors can be classified as those originating from the demand and supply sides. The former provides an opportunity for productivity to grow while the latter facilitates the exploitation of this opportunity. In this sense all the other variables (besides the labour input) quantitative (i.e. capital, materials, etc.) and qualitative (i.e. workers' morale, management, health, etc.) which affects the productivity of labour are on the supply side. The factors operating on the demand side are those relating to the size and growth of the product market.

## 2.0 REVIEW OF PAST DEVELOPMENTS: Education and Training

Shortages of skilled or professionally - trained manpower otherwise known as "lack of Executive Capacity" experienced prior to the collapse of international oil market led to the rapid expansion of education and training facilities in the mid 1970s and 1980s. This expansion was expressed by increases in enrolment, number of training institutions, and academic programmes at the various levels of the educational system. Regrettably, most of the programmes could hardly be said to have realistically reflected the true manpower needs and labour market requirements of the economy. Thus, the manpower policies and programmes were hardly capable of balancing the skilled manpower supply with the requirements of the labour market.

Consequently, the government manpower development policy objective during the first National Rolling plan, 1990 - 1992, was therefore directed towards, among other things, controlling the rapid expansion of our tertiary educational institutions especially, in area of liberal Arts and Humanities in particular. Despite this, students enrolment and the number of each type of educational institution in the country continued to increase rapidly over time. Total student enrolment and graduate out-turn of the universities for instance rose by over 22.85% to 223,334 as

at 1992/93, while out-turn of the university in the same period rose by 11.3 per cent to 44,624. (See Table 1 and 2).

Regarding the polytechnic, their number rose four fold, while their total student enrolment and graduate out-turn correspondingly moved up by 16% and 16.7%, respectively at the end of the same period (See Table 1 and 2). Total graduate out-turn of the polytechnic have continued to lag behind those of the universities. The level of enrolment and out-turn from the polytechnic particularly in the science and technology-based disciplines fall below the desired goal. This is in consideration of the fact that under normal circumstances, for every one university graduate in the field of technology, 3 to 5 polytechnic graduates in the same field are usually required. The country is obviously still lagging behind in the production of polytechnic graduate (1994 - 1996 National Rolling Plan , P.155).

With regards to the colleges of Education and Advanced Teacher Training Colleges, their number increased from 54 in 1990/91 to 57 by 1992/93 academic session while the total student enrolment rose by 19% during the same period. Their graduate out-turn similarly rose by 11.4% by the end of 1992/93 session. Post-primary institutions consisting of the secondary, technical and vocational training schools also increased in number to over 6,800 in 1992/93. Their total enrolment and out-turn rose to about 4,000,000 and 634,000, respectively during the same period. In the case of primary education, the number of primary schools rose to over 35,700 in 1992 while the total enrolment of pupils during the same period was over 16,000,000.

### **2.1 Manpower Training Activities Outside Formal Educational and Training System**

The specialized manpower training and development agencies of Government operating outside the formal education system, including Center for Management Development (CMD), Industrial Training Fund (ITF), Administrative Staff College of Nigeria (ASCON), National Directorate of Employment (NDE) and National Center for Economic Management and Administration (NCEMA) have continued to expand their facilities and intensify their training programmes. The ITF, through its vocational Training Centres (VTC) at Lagos and Kano, continued to provide formal apprenticeship, instructor training courses, skills broadening and up-grading programmes to companies in those places. The Fund also provides training assistance to the informal sector of the economy. In this respect, several instructor training courses are mounted for master craftsmen in auto-mechanics, electrical installation, capacity masonry and brick-laying, etc.

Both the CMD and ASCON organised a number of administrative and management-related programmes and offered consultancy services to their numerous clients in the public and private sectors of the economy. The courses are generally geared towards improving the managerial and administrative skills, knowledge, work attitudes and productivity of participants. Specifically, the CMD between 1989/90 and 1992/93, organised several regular and implant training and management development programmes in which over 3,700 persons from both public and private organisations benefited. A total of 1,756 persons also participated in the implant consultancy training programmes organised by the Center's within the same period. Furthermore 29,560 persons benefited from the Center's Entrepreneurship Development Programmes between 1985 and 1992.

On the other hand, the National Center for Economic Management and Administration (NCEMA) which has the responsibility for offering practical training programmes to government officials involved in economic policy formulation and analysis organise training programmes in broad areas of training, institution-building, research and consultancy. Between 1989/90 and 1992/93, a total of 2,176 persons participated in the Center's programme.

## 2.2 Nigeria's Manpower Development Policy

Nigeria's manpower policy objectives as articulated in the various plan documents includes:

- i. meeting the manpower requirement of the economy through the expansion of existing educational and training facilities and establishment of new ones in identified areas of need;
- ii. strengthening of educational and training facilities through inter alia, improvement in training methodologies, curricula, etc;
- iii. up-grading of the efficiency and productivity of employed manpower through regular training and re-training courses, seminars, and workshops; and
- iv. reduction in the level of unemployment through the implementation of employment - oriented programmes which were specially designed for providing relevant skills for the unemployed and assisting them to obtain gainful employment. (Fourth National Development Plan 1981-1985, p.58).

The above stated policy of government may be well intended but the reality is that such a policy is conceived from false theory and in isolation of the structure and character of the Nigerian economy. It is fine to "strengthen the existing educational facilities" and establish new ones but for whom and what is the quality of such an exercise? Any serious educational change must include the qualitative participation of all citizens in urban and rural areas and the tendency must be towards equality of classes. The stratification of education especially at primary and secondary school level, with the children of the rich attending well equipped public schools, and that of the poor attending poorly equipped, under funded private schools, do not seem to tally entirely with the above stated objective. Consequently, the problem of manpower in the economy presents a paradox. Since the early 1970s, shortage of manpower has constituted a serious constraint to national development. Until recently, attention was not given to the training and development of manpower to meet the needs of the economy. This, to a large extent, explains why the problem of manpower shortage has persisted over the years. While the problem of unemployment persists, it is ironical to note that there are still vacancies for highly skilled manpower within the economy. A recent survey by the National Planning Commission (NPC) reported in the National Rolling Plan (1993-1995) revealed that even with the large scale of unemployment, the economy still faces short supply of certain categories of critical manpower, particularly those possessing scientific and technical knowledge and skills. The country had been recording high rates of vacancies for certain categories of engineers, particularly in the field of Agriculture, Electrical and Electronics, Metallurgy, etc. Other manpower categories for which vacancy rates were also reported include among others, Land Surveyors, some categories of Medical Specialists, Pharmacists, as well as Teachers of Mathematics, Physics, and Technical vocation subjects. Shortages have also been revealed in the categories of technicians and craftsman in the field of medicine and para-medical sciences.

## 3.0 MECHANISM FOR FINANCING EDUCATION:

In Nigeria formal educational financing has been a shared responsibility of the private individuals, voluntary agencies and the government. Although this status quo as been observed over time, in recent years, the financial responsibilities has tilted unbalancedly toward the government. A cursory perusal at the different levels of involvement in financing education by each of the above mentioned sub set reveal that:

- (i) The pre-primary education is mainly privately financed. Government only lent support to this private endeavor. This is well articulated in the National policy on Education (NAPED), 1981 "The Government would encourage private efforts in financing pre-primary education." In most urban centers, private individuals and voluntary agencies

have continued to establish and finance this level of education purely for the purpose of making profit. The fees charged by the proprietors ranges from x2,000 to x25,000 per annum, reflecting the levels of sophistication and in fact the location of such schools. The seemingly uncoordinated nature of this level of education has resulted in a near chaotic state, which has a deep seated implications on developmental efforts in the country.

- (ii) The financing of the primary education has a checkered history. Before 1960, it was solely financed by the Christian missionaries with little subventions from the government. In 1956, the Western and Eastern states governments attempted to solely finance this level of education, this initiative was short-lived mainly due to financial strains on government budget. However, in 1976, the federal military Government made an effort to provide universal Primary Education (UPE) at the national level. Again, this Programme ran into serious difficulties, given that it lacked adequate planning which resulted in faulty projections. Consequently, quality fell to such an abysmal level that most parents preferred private schools for their wards.
- (iii) Secondary education, which was mainly financed by missionaries, with parent contributing by way of school fees and other educational expenses, was taken over by the various government in 1972. The official explanations for this action was the need to forge national unity after 30 months of civil war. Thus, the Federal government established Unity school in each state of the Federation. Tuition was free for the students but parents were to bear the boarding cost which hovered around x300 per annum then.
- (iv) Private secondary schools which are financed by individuals, private institutions and some agencies of government, are allowed to charge cost recovery fees. In these set of school, the cost of maintaining a student ranges from x4,000 to x10,000 per annum. Despite the high fees, the demand for such school has been increasing over the years.
- (v) At the tertiary level, tuition is free but students are charged minimal rents for the boarding facilities provided. This ranges from x100 to x360 per annum. Students provide meals for themselves and pay for other expenses like books and equipment. The private expenditure on the part of the student ranges from x5,000 to x18,000 depending on the type of tertiary institution (college of education, polytechnic or university) and the location.

On the whole, the cost of subsidising education by government at present is staggering. Per student subsidy at the university level was estimated at x11,000 in 1974 (Umo, 1978) however, when adjustments are made for inflation and exchange rates, the present coverage economic cost of subsidy per student would be at least x45,000 at the tertiary level.

### 3.1 Enrolment Pressures:

For meaningful analysis, enrolment data will be juxtaposed with data on finance with the relevant tier of education in Nigeria. The main issues on enrolment are summarised below:

- (a) Primary schools, which stood at about 15,000 in 1974 rose to 39,677 in 1995, representing about 164.5 per cent increase in 21 years. Similarly, primary school enrolment increased from 4.7 million in 1974 to about 18.1 million in 1995, indicating an increase of 285 in per cent within the period.
- (b) Secondary school enrolment, which stood at about 449,000 in 1974, also rose by about 1035.9 percent to 5.1 million in 1995. The number of secondary schools also increased astronomically by 382.6 percentage point to 6,452 during the same period.



- (c) The number of the tertiary institutions enrolment were most dramatic. In 1973/74 academic year, there were not more than six universities, without any polytechnic. However by 1995, the number of tertiary institutions stood at 138, with total enrolment within the same period jumping from 25,000 to 391,035.

The observed astronomical increases in educational institutions, notwithstanding, the enrolment ratios in the country are still relatively low in relation to Nigeria's population and manpower development needs. They are also low in comparison to other less developed countries. For instance Adult literacy rate as at 1995 was still 55.0 per cent compared with Burkina Faso's 82.1 per cent.

### 3.2 Educational Financing: Trends

In nominal terms, the federal budgetary allocation to education rose from x6.2 million in 1970 to peak of x1051.2 million in 1976. Thereafter, it declined gradually to x667.1 million in 1979. By 1980, the educational budgetary allocation stood at x1,238.5 million but declined gradually in the succeeding years, before rising to x3,399.3 million in 1989. In 1991 the figure plummeted to x1553.3 million, before making a gradual increase to x9,434.7 million in 1994. The declining trend continues. It should, however, not come as a surprise that the budgetary expenditure for a social sector service like education would rise in syncline with the oil revenue cycle as Nigeria's economy is oil-driven.

Nevertheless, the most revealing expenditure pattern is the education expenditure - GDP ratio, EDUEGDP. The general profile, from 1970, shows an inverted U-shape (see figure 1). What this means is that, since the oil boom in the mid 1970s, the nation has been allocating a declining percentage of her GDP to education. Unfortunately, this disturbing long-term fact has been embellished in political controversy associated with education, particularly during the 1979-1983 political regime. A situation where the country, despite its huge oil wealth, allocates a declining fraction of below 2 per cent of the GDP to education, poses a serious danger to its long-term growth and development prospects.

A recent study by Umoh (1995) on the allocation of educational resources in the last three Nigerian plans (1970-1985) indicate that planned budgetary trend over the period between the three educational sectors reveal two salient features:

- (i) Although, in absolute terms, the total allocation to the educational sectors have varied positively with the plan size since the first plan, the relative allocation to all the educational sectors has generally been on the decline, especially after the Third Plan which coincided with oil-boom era.
- (ii) In all the plan, the biggest financial allocation have consistently been made to secondary schools (averaging 40.8%). This was followed by the tertiary sector (with 30.4% average). The primary education sector receives the lowest average allocation (21.8%). When account is taken of the opportunity cost which varies positively with the levels of education, the total expenditure at the tertiary level is likely to blow up into a broad pyramid at the top. This suggests that something like an inverted educational financing pyramid (IFIP) exist in Nigeria.

It is pertinent to note that from a macro perspective, the adverse development in the nation's oil fortune (the country's main foreign exchange earner) can only partly explain the drastic cut in the education budgets. There seems to be an apparent lack of political will to make substantial budgetary commitment to education. A comparative analysis of average allocations made for debt repayment (11%) and defence (5%) between 1970 and 1995 supports this hypothesis.

### **3.3 Problems of Education Financing:**

The problem of educational financing in Nigeria is multifaceted. Umoh (1995) identified the problems to include; equity, financial allocation and management crisis; crisis in teaching profession; low participation rates; declining quality; and depreciation of human capital base.

**3.3.1 Equity Problem:** The Nigerian Government has as one of its development objectives; creating just and egalitarian society (FGN, 1981), and education is easily one of the tools expected to be used to realize this objective. However, it is doubtful if the existing arrangement would guarantee such lofty objective. In what follows, an attempt is made to peruse both the horizontal and vertical equity in line with Rawlsian (1971) equity principle as well as marginal productivity (meritocracy).

- (a) As stated earlier, the pre-primary education in Nigeria is almost exclusively in the purview of the rich due to the predominance of the private sector financing. To that extent, the children of the poor are basically excluded from this advantageous head start. This flamboyantly negate the principles of egalitarianism.
- (b) In order to promote egalitarianism, the Federal Government of Nigeria instituted the Universal Primary Education (UPE) in 1976. This resulted in a significant increase in enrolment nationally. However, this was accompanied with poor education quality, which led the rich parents to withdraw their children from the public school to the private high fee paying high standard schools.
- (c) At the secondary school level, access to education to many students was greatly reduced after the 1983 fee increases. However, the rich parents either sent their wards to private schools and/or organised after school lessons for them in preparation for highly competitive entrance examination into university.
- (d) The federal unity schools, established and run almost entirely by the federal funds does not benefit the children of the poor as available statistics reveal that most of the students are children of the top level civil servants and high ranking private individuals.
- (e) The blanket abolition of fees at the university level as meant that students from both the poor and the rich homes are placed on the same pedestrian. This approach run antithetical to the principle of equality. To the level that high income families are over represented in the Nigerian universities, a process of regressive income transfer seems to be at work here. Umoh (1977), empirical investigation of the problem showed that about 72% of income inequality in Nigeria is generated by investment in higher education. This he attributed to the indiscriminate subsidy to higher education as well as the quasi-rent effects bestowed on a few recipients of university education by the dynamic shifts in the Nigerian economy.
- (f) In addition to the above, the participation rates in both the secondary schools and the universities are very low. Indeed, only a paltry 10 per cent of qualified candidates (hovering around 210,000 annually) eventually really gain admission into the Universities. Onwioduokit (1995) attributed this to under funding of universities in Nigeria.

The picture that emerges from the above is that the principle of equity has been basically compromised and bastardised by the current financing arrangements.

### **3.3.2 Financial Allocation and Management Crisis:**

Regarding financial allocation and management crisis, three basic problems are identified in the literature: The inadequacy of allocation in absolute terms; the lopsided structure of allocation

within the educational sector; and the poor management of the available financial allocation (see Ekpo, 1989; Umoh, 1995; and Onwioduokit, 1995).

With respect to crisis in the teaching profession, the financial constraints militating against the sector's practitioners have relegated the teaching profession to not just profession of last resort but also a take-off points profession for the young graduates. This implies that those currently on the job are there because they cannot secure a better well paying job elsewhere. Although the salary structure of the teachers are in line with the federal government civil service salary scale, in real terms the teachers are worse off compared to their counterparts in the civil service who have access to other facilities like chauffeur driven cars, etc. This scenario is exacerbated by delay in the payments of primary and secondary school teachers salaries.

Concerning low participation rates, studies have revealed that with the introduction of school fees in the primary schools, the participation rate of 96 per cent attained in 1983 may have plummeted markedly. Participation rate of 25 per cent in secondary schools anticipated by 1975 reduced to barely 4 per cent in 1978 and 16 per cent in 1995. At the university level, participation rate rose from 2 per cent in 1983 to 10 per cent in 1995 (Ojo, 1979 and Umoh, 1995). However, the disturbing trend in the university enrolment is that while the basic science and technology departments are under applied for admission, the other areas especially social science and liberal arts are over applied. The fundamental cause of low participation problems has been attributed by Umoh (1980) to the crisis of funding as well as optimal utilisation of the existing facilities and funds. This has grave consequences on the quality of education in Nigeria.

Although an all-embracing index to measure the quality of education does not easily present itself for analytical synthesis, most work in the area have tended to use examination as an index of quality. If applied to the Nigerian secondary school system, a disquieting picture of deterioration in the quality in the last twenty five years is revealed. A good qualified pass (defined as passing with a minimum of five credits in the eight subjects offered) at the West African School Certificate examination or the General Certificate of Education (GCE) ordinary level, averaged 32 per cent for all entries in the 1960s and plummeted to 10.5 per cent in the 1970s (Umoh, 1980). In the 1980s, available statistics of performance measured in terms of selected core subjects including English Language, Mathematics and Biological sciences, shows high failure rate of over 60 per cent.

The problem of physical facilities, workshops and laboratory equipment has been reported to be serious in the technical colleges and secondary school (Nigeria National Rolling Plan 1993/1995). At the tertiary level, the expansion of higher education facilities in recent years which is not matched with adequate provision of infrastructural facilities and laboratory equipment, funds, and academic staff, relevant books as well as increasing staff shortage in critical areas, have adversely affected the quality of training. In addition, the frequent involuntary close-downs of the university has been on the increase since late 1970s. There is hardly any year that the universities run the statutory 37 academic weeks without interruption. From this it is therefore clear that the quality of education has been severely impeded not just by financial conditions but also other environmental cum socio-economic and political factors.

The fall out or gross under funding of the universities is the depreciation of human capital stock which has indeed taken toll on the economy. The reasons adduced in the literature include among others; declining tempo in research activities by the Nigerian scholars due to lack of funds; dearth of relevant text books and the escalating cost of available ones, which severely hindered the learning culture in Nigeria; and mass graduate unemployment and retirement of experienced professionals as a result of the non-utilisation of human capital of an earlier vintage, cause by the poor state of the economy (Ekpo, 1989, Umoh, 1995).

## **CURRENT FINANCING OPTIONS: AN APPRAISAL**

The concern of the relevant authorities in Nigeria to the financial crisis facing the education sector has been expressed variously at several fora. To combat these problems, a battery of financing options has been proposed. In what follows, an attempt is made to identify and appraise these options.

### **i) Rationalisation**

In recent times, there has been consistent call on the government to rationalise both the courses and the number of universities in Nigeria in order to improve cost effectiveness and avoid course duplications within the same universities.

This is not a viable option, given the pluralistic structure of the Nigerian federalism. Indeed, the federal structure was the vision of our founding fathers. We ought to remind ourselves that it took them a great deal of effort to arrive at this point. In the envisaged federation, each component part, state or region, is to be free to determine its priority. If for one, it is agriculture, and for the other, education, so be it. If it is education, university facility is an inevitability, pluralism and variety, even of goals within the polity, make for enrichment, beauty and harmony of the whole. Most of the former regional and now state universities and tertiary institutions arose in response to specific and widely acknowledged needs. Those needs are not only still there, but have, in fact, become more compelling as noted earlier, only a very low percent of the qualified candidates who apply to the Joint Admission and Matriculation Board (JAMB) for admission into tertiary institutions every year is admitted. The existing universities are not expanding to accommodate more students and an arbitrary reduction in the number of universities is clearly not the best response in the circumstances. It will compound the problem of inadequate admission space for thousands of qualified candidates whose skills Nigeria needs to achieve its development projections.

The rationalisation of courses would seem a more advisable option. But even this should aim to de-emphasize under-subscribed courses in some universities and not to decree any of the existing courses out of the educational system. A sound dialectical relationship ought to exist between the economy and the educational sector, such that the products of our tertiary institutions would find relevance in the society. It is the battered national economy, the reverse trend in our march to industrialisation and the hostile investment environment that have combined to give the impression that the nation is producing too many graduates. The truth is that we are not.

### **ii) Student's Loans Fund**

The fund which was established in 1972 was essentially to give loan to student. However, when in 1978, university education became tuition free, the programme was suspended. Available statistics shows that the recovery rate of the loan stood at about 11 per cent of all loans offered. The administration of the programme itself leave much to be desired. Cases abound where academically sound but indecent students were excluded from the loan even when they applied while the academically never-do-well students were on the liberal government scholarship.

The observed administrative defects notwithstanding, the option of student scholarship programme is still viable, however, for effectiveness, there is need to reorganised and revitalise the entire programme to achieved the aim of helping financially indigent students to access university education.

iii) **Business Initiatives by the University**

In the wake of the plummeting trend in financial allocations to the Universities, there has been a battery of internal revenue generation drive. This saw to the establishment in most universities and polytechnics of Business Consultancy units, Guest Houses, Supermarkets, Bookshops, car cash, etc. However, the available records shows that instead of contributing to the revenue, most of these units are indeed financial drains to the universities as they hardly break-even. The reasons frequently adduced for this unhappy outcome ranges from incompetent personal to unattractive remuneration for the competent ones hence a frequent turnover of staff in these units are often experience (Umoh,1995). The need for these units as revenue generating arms cannot be overemphasized in the current dispensation, however, to attract and retain competent hands that should run the unit as pure commercial enterprise, there should be differential in the remunerative structure of the units' staff and the university salary scale. This in my considered opinion is the only way forward.

## **5.0 POLICY OPTIONS FOR THE NEXT MILLENNIUM**

Given the current global trend towards privatisation and private sector participation in all facet of economic activities, it is clear that in the next century, the tempo would heighten. However, the private sector initiative in educational financing in Nigeria is not new. Before massive government intervention in educational financing in the 1970s, nearly all tiers of education received substantial financial nudge from the private individuals (proprietors), communities, voluntary agencies and religious organisations. However, Government has by policy limited private running of core schools to nursery, primary and secondary education. However, with respect to the tertiary education the government has not been favourable disposed to the private sector participation. For instance, during the 1979-1993 at least five private universities were proposed. But for political reasons, the government discouraged these private initiatives in running private university education.

It is our very strong opinion that, for there to be increased productivity via human capital development in the 21<sup>st</sup> century, the Government would certainly need to concentrate on educational financing especially the pre-primary, primary and secondary and the tertiary levels by increased allocation of financial resources to education. A country that has not fought any war since the civil war of the 1960s has no justification to spend huge resources in defence to the detriment of education and health sectors. There is need to properly locate and situate the role of education and health in the country's effort at increased productivity as indicated earlier in this paper. In all, the private sector still holds a vast untapped financial reservoir for financing education at all levels in Nigeria. Empirical evidence abound in literature to show the reveal willingness to pay for high quality education and indeed most social services (see Ekpo, 1989, and Jimenez, 1989).

To achieve a desirable result on productivity increase via human resources development in the next millennium, there is need for educational planners to synchronized and properly situate their plans in the overall national development plans. This will essentially minimise the problems of graduate unemployment and sectoral brain drain.

There should also be a planned human resources development programme that would shift emphasis away from formal to informal education and on-the-job training, this would reduce the

mounting demand for formal education. Since non-formal education and/or in-service training has the additional advantage of professional relevance; is less costly from opportunity cost dimension and less financially demanding on the formal systems, it would enhanced productivity in the next millennium if effectively explored.

To improve productivity in the next millennium via human resources development there is need, a great need, to depoliticise educational enterprises in Nigeria. Extreme politicisation has resulted in a situation where government is "biting more than it can chew" in terms of educational commitments. Mobilisation of political will is actually what is needed to bring about adequate funding for education.

Also special attention should be given to teachers working conditions. There is need to motivate teachers through training and sufficient and timely remunerations. It is glaring that productivity cannot be nurtured and sustained by underpaid, malnourished and ill-motivated teaching force. There is need to also mention here that the productivity of the teachers is a significant input in the productivity of their products - graduates, which in turns to very large extent spell the macro-productivity.

Apart from the private sector, there is need for community to directly participate in the educational financing of its members. The start-off point is for the community to ensure that every man, woman and youth in the community knows how to read, write and numerate within 3 to 5 years, from the start of the scheme in the community. Admittedly, this will require a great mobilisation effort on the part of the community. Regular teachers and literate youths in the community could be mobilised to take Adult Literacy classes. Such teachers and youths could draw stipends from each Community's Development Association's funds. The beneficiaries of the Literacy classes could themselves pay some fee in cash or kind. Well-off members of the community could also sponsor Literacy classes on a regular basis. So also can voluntary organisations or Aged Groups operating in the community. There is no doubt that such massive mobilisation effort on the part of the community for 100 per cent literacy will not just enhance productivity of the individual members but also that of the community. The reason for this, is simple, the man, woman, youth and child who can read and write and count is well on his/her way to making an excellent start in developing his or her potential. The world has made tremendous strides in its growth and development effort and most of this tremendous effort is available by way of information. The person who can read and write has the universal key to the house in which this information is stored. Once he knows how to read and write, and if properly motivated, he can on his own read all about how to further develop both himself and his community.

In all, in order to tap the potentially abundant private initiatives for educational financing, the ban on private universities and private practices by universities teachers need to be lifted and replaced with regulated incentives for investment in this area. This will ease the burden of financing education from public treasury, both directly and indirectly in the next millennium.

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**TABLE 1****DISTRIBUTION OF ENROLMENT AND NUMBER OF SCHOOLS BY TYPE OF INSTITUTION AND ACADEMIC YEAR (1981/82-**

INSTITUTIONS	YEAR	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
Universities	No of Schools	24	24	24	24	28	29	30	30	32	32	32	37
	Enrolment	82,155	94,086	108,753	123,743	133,626	148,720	158,757	189,914	181,800	194,526	207,753	223,334
Polytechnics	No of Schools	25	27	27	27	27	27	27	28	28	30	30	32
	Enrolment	52,226	60,261	61,200	62,787	64,933	66,100	88,744	72,134	75,468	79,166	83,124	87,613
Colleges of Education	No of Schools	40	41	41	42	42	44	48	50	51	54	57	57
	Enrolment	41,756	55,034	54,679	57,505	60,481	57,118	62,562	69,620	73,080	93,881	91,541	111,579
Secondary School	No of Schools	5,398	5,755	6,224	5,927	5,819	6,092	5,991	5,868	6,001	6,231	6,728	6,870
	Enrolment	3,268,697	3,620,043	3,468,530	2,988,174	3,088,711	2,934,349	2,941,781	2,684,274	2,901,993	3,123,277	3,600,390	3,765,480
Primary Schools	No of Schools	37,614	37,888	38,211	35,281	35,433	34,266	33,796	34,904	35,433	35,433	35,432	35,790
	Enrolment	14,362,121	14,676,608	13,790,991	14,040,666	14,165,355	13,073,183	14,208,966	14,066,915	15,621,554	14,988,159	15,618,458	16,131,936

NOTE: (1) For Secondary Schools figures include secondary Grammar/ Commercial, Technical/Vocational Schools and  
(2) 1992/93 Figures are estimates.

SOURCE: Federal Ministry of Education, Nigerian University Commission and National Board for

**Table 2****DISTRIBUTION OF GRADUATE OUT-TURN AND NUMBER OF SCHOOLS BY TYPE OF INSTITUTION AND ACADEMIC YEAR, (1981-1992)**

INSTITUTIONS	YEAR	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
Universities	No of Schools	24	24	24	24	28	29	30	30	32	32	32	34
	Out-Turn	15,689	21,138	25,822	27,550	30,489	31,864	37,286	38,367	40,094	41,497	42,991	44,624
Polytechnics	No of Schools	25	27	27	27	27	27	27	28	28	28	30	32
	Out-Turn	15,257	19,712	11,868	20,946	25,959	22,426	25,573	27,450	24,460	25,634	26,993	28,559
Colleges of Education	No of Schools	40	41	41	42	42	44	48	50	51	54	57	57
	Out-Turn	14,202	15,406	13,872	16,380	18,257	19,109	19,803	19,296	23,433	25,560	27,020	28,481
Secondary School	No of Schools	5,398	5,755	6,224	5,927	5,819	6,092	5,991	5,868	6,001	6,231	6,728	6,870
	Out-Turn	-	-	-	479,528	528,734	489,058	490,297	447,397	483,666	520,546	600,065	633,669
Primary Schools	No of Schools	37,614	37,888	38,211	35,281	35,433	34,266	33,796	34,904	35,433	35,433	35,432	35,790
	Out-Turn	-	-	-	1,698,609	1,721,481	1,433,537	1,494,873	15,134,60	1,606,299	1,651,204	1,704,155	1,756,476

NOTE: (1) Include Secondary Grammar/ Commercial, Technical/Vocational Schools and TTC's.

(2) 1992/93 Figures are estimates.

SOURCE: Federal Ministry of Education, Nigerian University Commission and National Board for Technical