

OPTIONS FOR SUSTAINABLE FUNDING OF EDUCATION IN NIGERIA

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ABSTRACT

The paper highlights Nigeria's experience in funding education. Based on the public/private goods controversy of public sector economics, it establishes that the cost of providing free education has become unsustainable in the face of a rapidly growing population, poor state of other infrastructure, dwindling oil revenues, and poor general macroeconomic performance. Since education benefits the individual primarily and the society by proxy, the paper makes a case for education cost recovery and the need for institutions to be businesslike in their approach to funds mobilization. Advocating for university autonomy, greater involvement of the community, NGOs and donor agencies in the administration of the educational system, the paper finds a restricted role for the government to provide the facilities and an enabling environment for learning.

1. Introduction

THE major goal of macroeconomic management is to attain high and

sustained rate of economic growth and development. The quality and level of output of goods and services are defined by changes in technological and institutional arrangements, the rate and quality of transformation of natural resources, the level of capital accumulation and a favourable socio-political environment. These are indications of a country's level of skills, and competence of the labour force.

Human capital and natural resource endowment are flaccid factors of production, with the former being the dynamic agent that allocates other factors of production and exploits the potentials of natural endowments. While material capital captures the physical aspects of equipment, human capital is the pulverizing agent, possessing cognate skills and competence to transform natural endowments into goods, and determine the nature, mix, pace, and direction of economic growth and development. Evidently, recent global trends redefine economic prosperity in terms of the stock of knowledge, skills and expertise of people, and the capability of a country's institutions – not the level of natural resource endowment. In today's globalized economy, a country with low human capital skills is sentenced to perpetual poverty inspite of high natural resource endowment.

The Nigerian government recognized the role of human capital in development, hence, at independence, it embarked on measures of quantitative and qualitative expansion of educational facilities at all levels. Thus, from five universities in 1972, facilities for university education rose to 27 in 1982. Today, there are 15,000 largely private pre-primary educational institutions, 42,000 largely public primary schools, 10,000 public secondary schools, 40 Polytechnics, 63 Colleges of Education and 55 Universities, in the country (Borisade 2002). The country has an enrolment figure of over 16 million students in the educational system.

These bold educational initiatives have not been translated into significant achievements owing to a plethora of factors amongst which is poor funding. Thus, these efforts have only produced 70 per cent

gross enrolment, transition rate from primary to secondary school of 44 per cent, adult literacy rate of 57 per cent; while about 56 per cent of those attending primary school will regress into illiteracy. About 53 per cent of the female population is illiterate, while the net enrolment of girls in primary school is as low as 15 per cent for some states. Learning acquisition by primary school pupils in core subject areas such as English Language, Mathematics and the life sciences is very low with national mean performance being as low as 26, 32 and 36 per cent, respectively. The primary, secondary and tertiary enrolment ratios are 24, 64, and 1.9 per cent, respectively. The male/female literacy ratios are 4 and 31 per cent, respectively (Borisade 2002). Infant mortality is 81 per 1000 live births and life expectancy is 52 years. These ratios are below the averages in comparable regions of the World (*World Development Report 2001*).

The objective of this paper, therefore, is to highlight Nigeria's experience in funding education, examine the causes of financial crises in the sector, including some development implications as well as attempt to situate the role of alternative funding mechanisms. Accordingly, section 2 of the paper reviews the theoretical nexus for funding education, while section 3 assesses the existing funding mechanisms. Section 4 highlights the problems of educational financing, while Section 5 identifies the options. Section 6 concludes the paper.

2. Funding Education: The Theoretical Nexus

The underlying rationale for public funding of education is to equip people with the knowledge, skills, and capacity to enhance their quality of life, augment productivity and capacity to gain knowledge of new techniques for production, so as to be able to participate evocatively in the development process. Thus, while primary and secondary education focus on inculcating literacy and numeracy, higher education creates the needed manpower

with enhanced skills for technological innovation and productivity growth. Education is, therefore, the process of socialization by which men and women learn to adapt to and, where necessary, conquer their environment. It is the process of developing the cognitive, effective and psychomotor faculties of people in order to equip them with the knowledge and skills necessary to survive and make progress in society (Ehusani 2002). Thus, the educational process aims at developing a citizenry that possesses both culture and expert knowledge in all fields of human endeavour.

Public sector funding of education is anchored on the notion that for society to continue in perpetuity, the new generation must be given the appropriate access to knowledge that previous generations have accumulated. Consequently, this generation must be taught how the existing knowledge can be used to develop new products, ideas, to introduce new processes and production methods, and improve the efficiency of society through creative approaches (Borisade 2002).

Public sector funding of education is based on the classical literature on public goods, where it is argued that social goods provide a rationale for the allocative function of budget policy. The argument is that the public sector performs certain functions because some goods cannot be provided efficiently through the market system owing to apparent market failures or associated inefficiencies. Market failure occurs because the benefits created by social goods are not limited to one particular consumer who purchases the good, as is the case with private goods. The non-rival or non-excludable nature of public goods has important implications for consumer behaviour and on the provision of both private and social goods (Musgrave and Musgrave 1989).

While the market mechanism is structured for the provision of private goods, the exclusivity of title accorded purchasers of private goods is lacking in social goods. It would be inefficient, therefore, to exclude any consumer from partaking in the benefits of a social good since such consumption does not reduce or limit the benefits accruing

to others. Thus, the cost of providing educational services would have to be weighed against the magnitude, pace, pattern, composition and utilization of human capital to determine the impact of public sector investment in education. It is recognized that education serves a dual purpose, both as a private, and as a public good. As a private good, the pecuniary gains of education accrue to a particular individual as can be ascertained through his future income flows. The wage that relates to the skills level become the impetus for the individual to acquire higher skills, while the overall social effect such as the enhanced contribution of a skilled workforce to economic growth and national development gives confidence to society to increase present investment in education. Agrawal and Lal (1980) identify literary ability, intellectual development, development of new ideas, skills acquisition, a productive labour force, accelerated economic growth, and overall social development of society as the gains of education to the society and the individual. He asserts that when government invests in education, the development in the entire society is commensurate with the level of investment; when an individual invests in education, his future income is enhanced, but society benefits by proxy.

Education has been found to increase both individual and national output (World Bank 1980), reduce fertility rates (Moock and Jamison 1988; World Bank 1980), improve health, and facilitate social and political participation (Hill and King:1991). Todaro (1986) has observed that education may, in fact, reinforce existing inequality and poverty level or reduce it, depending on the egalitarian nature of society and the educational system. Most countries, including Nigeria, with the aid of UNESCO and other international organizations attempt to develop their human skills and knowledge through the development of educational opportunities for the citizens. Education is, therefore, the link between a country's population and the skills needed for development to occur.

An emerging ideological shift from considering education as

a public good to private good because it benefits the individual primarily, and society only by extension, has challenged some developing countries to design programmes that tend to shift the burden of funding education to individuals rather than putting it on the government. Recent poor macroeconomic performance and incessant pressure from the educational sector for funding, has necessitated a rethink of the prevailing policy on free tuition.

3. Some Stylized Facts on Funding Education in Nigeria

The 1999 Constitution of the Federal Republic of Nigeria vests responsibility for the funding of public schools on the three tiers of government. Schedule Two, Section 4, Part I of the constitution establishes the exclusive, concurrent and residual lists over which the three tiers of government have powers to legislate. Whereas items in the exclusive legislative list are reserved for the legislative preserve of the central government, both the federal and state governments can legislate on items in the concurrent list, while the residual list belongs, in principle, to the local governments. Tertiary and post-primary education comes under the concurrent legislative list in which both the federal and state governments may make laws. The two tiers of government may, therefore, establish and run all forms of post-primary and tertiary institutions. Following the constitutional crises arising from the operational failures of fiscal federalism in Nigeria, states and local governments have been in perpetual deficit in paying the salaries of school teachers.

While government, through policy statements, has continually committed itself to providing education at all levels, the burden of actualizing the policy statements, particularly, providing functional higher education, is becoming increasingly unbearable, as evident in the running battles between government and other stakeholders. While primary education is free in public

schools, the fact that about 53 per cent of those leaving this strata of education are likely to relapse into illiteracy is worrisome. Besides, while government has gone beyond providing the enabling environment to the physical provision of schools and hiring teachers for them, the quality of education is questionable and the cost to government is prohibitive.

The schools nationalization policy did not only alter the chemistry, management, administration, supervision, and financing of education in the country, it led to a lowering of academic standards, encouraged widespread indiscipline, examination malpractices, frequent riots and school closures, and violent cult activities in the school system. The growth in population and the need for expanded access to educational facilities, economic downturn, dwindled budgetary allocations to the educational subsector indicate that government could not single handedly shoulder the responsibility for funding education in the country. The emerging crises of funding led several state governments to revisit the policy of nationalization, with a view to returning private schools to their owners.

Belami (2002) shows that private sector participation in funding education in northern Nigeria has been particularly low due to Islamic style of education in that part of the country. Available private sector efforts are concentrated in the urban areas to the total neglect of the rural areas. In the south, however, it was only military incursion into the political life of the country that truncated private sector efforts at funding education, especially from voluntary agency sources.

Balami (2002) has also identified the sources of funding education in Nigeria to include:

- i. federal government budgetary allocations, grants, Education Trust Fund (ETF), loans, scholarships, etc;
- ii. state governments' budgetary allocation to educational sector, scholarships, etc;

- iii. local government budgetary allocation, loans, scholarships, etc;
- iv. establishment and running of schools, provision of scholarships/bursary awards, loans, etc., by religious bodies;
- v. establishment of schools, endowment funds, donations, etc., by the private sector; and
- vi. international community support through bilateral aid agencies such as USAID, CIDA, JICA, DFID, etc., multilateral agencies such as the World Bank, IFC, IDA, UNDP, WHO, etc., and non-governmental organizations such as multinationals, other non-profit making organizations, etc.

The unitary command structure of Nigerian fiscal federalism constrains the financial independence of states and local governments, making them to rely on allocations from the Federation Account to fund their educational programmes. Given the epileptic flow of government revenue, it is imperative that educational institutions develop alternative funding programmes to meet their revenue expectations. However, Okebukola (2002) has shown that alternative sources of funding constitute only 25 per cent of total income of public universities. He indicates that only a few universities in Nigeria generate about 10 per cent of their funds from internal sources. Private universities depend on their proprietors for funds.

3.1 Primary education

The federal government is empowered by the constitution to provide leadership for all tiers of government in the delivery of education, and hence take overall responsibility for the outcome of its actions. This explains the intervention mechanisms of the federal government from time to time. The financing of primary education in Nigeria has a chequered history. Before 1960, the Christian Missionaries largely financed this level of education with little

subventions from government. In 1956, the Western and Eastern regional governments attempted to solely finance this level of education but the initiative was short-lived owing 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 difficulties because of inadequate planning which resulted in faulty projections and resultant low quality output, causing most parents to prefer private schools for their children.

While the schools nationalization policy has placed the financial responsibility for education more heavily on the government, local governments lack the resources to shoulder this responsibility. An assessment of the level of participation of the stakeholders reveals that pre-primary education is mainly privately financed. Government support to this private endeavour is articulated in the National Policy on Education (NAPED 1981) which says "The Government would encourage private efforts in financing pre-primary education".

Having studied the problems of implementing the Universal Primary Education programme, the federal government reaffirmed its commitment to the programme and intervened with the promulgation of Decree 31 of 1988. The Decree made provision for the sharing of the responsibility for funding primary education between the federal, state and local governments as follows:

- i. the Federal Military Government will contribute annually into newly created National Primary Education Fund 65 per cent of the calculated cost of primary school salaries (both teachers and non-teachers);
- ii. 80 per cent of the federal government contribution will be shared among the states plus the Federal Capital Territory, Abuja;

- iii. 20 per cent of this contribution will be set aside regularly for a period of 10 years for 12 designated educationally disadvantaged states of the federation for the purpose of primary education development; and
- iv. state and local governments will add their contribution to National Primary Education Fund.

In 1999, the National Assembly harmonized its position on the funding of the Universal Basic Education (UBE), an intervention programme of the federal government, when the Supreme Court ruled that the jurisdiction of the federal government with regard to primary education should cease to cover financing through first line charge allocation. The implication is that state governments were to receive direct allocation from the Federation Account to fund primary education in their domains. As Matazu (2002) has observed, the Supreme Court ruling appears to be in violation of the concurrent legislative list which empowers the federal government to intervene at all levels of education, and further complicates the issue of payment of salaries of primary school teachers which hitherto had been a nightmare before government's intervention through the National Primary Education Commission.

3.2 Secondary education

From independence to the early 1970s, education was a viable venture in Nigeria and schools enrolment was within limits of available facilities. However, with the forceful seizure of missionary schools by the Ukpabi Asika government of East Central State in 1972, and the consequent promulgation of a military decree to back up the action nationwide, private interests in education were nationalized. Basking in the high inflow of petrodollars, the policy unwittingly scuttled private initiatives in the evolving educational system and monopolized the educational project and instruments of education in the country, effectively putting other stakeholders at abeyance. As Ehusani (2002) has observed, even

parents lost their rights by the act and abandoned their responsibilities to government who became the sole proprietor, regulator, and financier of all levels of education.

Secondary education, which was mainly financed by missionaries, with parents contributing by way of school fees and other educational expenses, were taken over by government in 1972. The official explanations for this action were the need to forge national unity after 30 months of civil war. Thus, the federal government established Unity Schools in each state of the federation. Tuition was free for the students, but parents were to bear the boarding cost that hovered around N300 per annum then. Today, these costs hover around N15,000.00 per annum. In addition, private secondary schools that were financed by individuals, private institutions, non-governmental organizations and some agencies of government, were allowed to charge cost-recovery fees. In these schools, the cost of maintaining a student ranged from N14, 000 to N30, 000 per annum. There are newer schools with better facilities designed ostensibly for the rich whose fees are as high as N200,000.00 per annum. Despite the high fees, the demand for such school has been on the increase.

3.3 Tertiary education

For over three and half decades, the Nigerian government had the sole responsibility for higher education in the country. Thus, it provided free tuition, but students are charged marginal rents for the boarding facilities provided. Students provide meals for themselves and pay for other expenses like books and equipment. The private expenditure on the part of the student ranged from N35, 000 to N65, 000 in 1997, depending on the type and location of institution as Onwioduokit (1997) has shown. The above private expenditure profile notwithstanding, the cost of subsidizing education by government at present is staggering with per student subsidy at the university level estimated at N73, 000 in 1997 (see Okebukola 2002).

3.4 Unit cost of education in Nigeria

Samuel (2002) has shown that households in Nigeria pay more for education than what the government expends per child. He indicates that in a recent World Bank study on public expenditure on education in Lagos State, the household unit cost for primary and secondary education was N33,000 and N42,000, respectively, while public unit cost was below N3,000 for primary and N2,000 for secondary. Adedeji (2002) shows that the average cost of university education in Nigeria in 1990 was N6,624.5, rising to N21,135.1 in 1996. Okebukola (2002) has indicated that the average unit cost per student per discipline range from a minimum of N141,532 for social sciences to N302,096 for human medicine. While the government and the university contribute 58.2 per cent, the students contribute 44.8 per cent. Longe (1981) identifies age of the school, student enrolment, class size, student-teacher ratio, teacher qualification, and average teachers' salaries as factors that determine the overall cost of education in Nigeria. Ajayi (1988) adds that of these factors, average teachers' salaries and allowances were the most important determinant of cost. Babalola (1992) notes that it is common to notice variation in unit costs from time to time and place to place. Variability in costs could be traced to internal factors such as capital costs, staff current costs, and non-salary current cost while external variability could be traced to enrolment, and social demand for education. Adedeji (1998) identifies student time as the major cause of variation in cost of education.

3.5 Existing mechanisms for funding education in Nigeria

3.5.1 Educational Financing by the Federal Government

Federal budgetary allocation to education in nominal terms rose from N6.2 million in 1970 to N1,051.2 million in 1976. Thereafter, it declined to N667.1 million in 1979, rose again to N1,238.5 million in 1980, declined in succeeding years, before rising to N3,399.3 million

in 1989. It dropped further to N1,553.3 million in 1991 before rising gradually to N9,434.7 million in 1994. Thereafter, the declining trend continued.

It can be observed that the budgetary expenditure on education in Nigeria rise in accordance with oil revenue cycles, since the economy is oil-driven. Nevertheless, the most revealing expenditure pattern is the education-GDP ratio. The general profile, from 1970, shows an inverted U-shape.

Table 1. Federal Govt. Expenditure on Education as a Share of total Federal Expenditure (1997-2002) (%)

	1997	1998	1999	2000	2001	2002
Recurrent	12.3	12.0	11.7	9.4	9.5	9.1
Capital	6.1	7.5	5.0	8.5	6.0	6.0
TOTAL	9.9	9.6	9.0	9.0	7.6	8.0

Figure 1. Federal Government Expenditure on Education as a Percentage of GDP

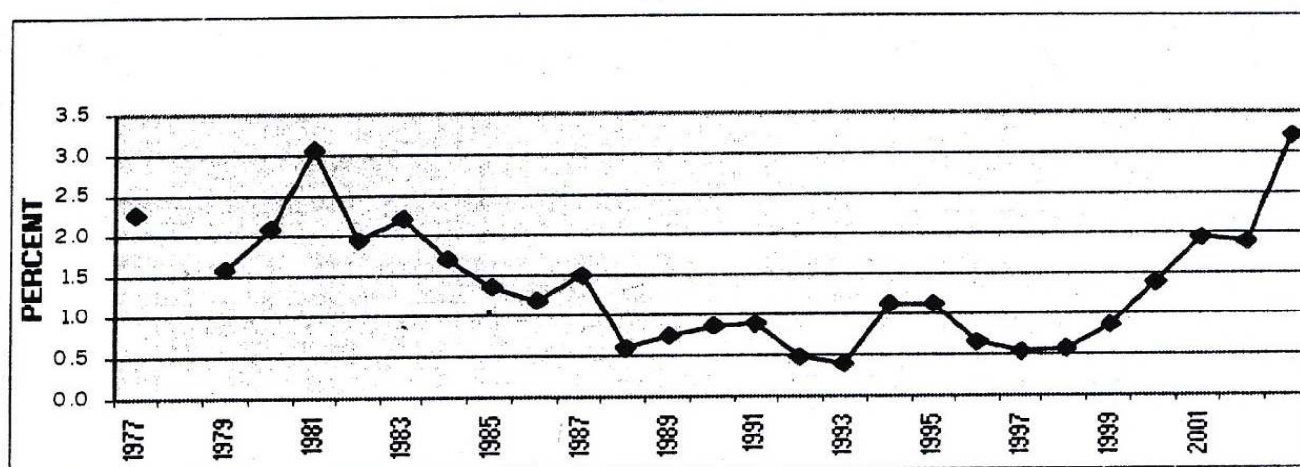


Table 2. Federal Government Expenditure Shares by Level of Education (1996-2002) (%)

	1996	1997	1998	1999	2000	2001	2002
TERTIARY	79.9	79.8	68.4	69.0	75.8	68.1	76.9
University	52.5	44.6	39.4	39.9	49.2	39.6	51.2
Polytechnics	16.2	23.2	17.0	18.5	17.0	16.6	16.0
Colleges of Education	11.2	11.1	12.0	10.6	9.6	11.9	9.7
Secondary	10.4	11.3	14.6	18.7	15.3	15.5	15.6
Primary	9.7	9.8	16.9	12.2	8.9	16.4	7.5

Source: Federal Government Annual Budget (Various Years)

Since the 1970s, Nigeria has been allocating a declining percentage of GDP to education. Unfortunately, this long-term fact has been enmeshed in political controversy associated with education, particularly from 1979-1983.

3.5.2 Educational Financing by State Governments

State governments are involved in the funding of each level of education. The World Bank (2002) has shown that since 1995, the combined expenditure of state governments on education is about a fifth of the federal government's. While the federal government concentrates about three quarters of its education expenditures on post-secondary schools, state governments in practice fund mostly secondary education, and a significant part of post-secondary education. Available data on state funding of education is worrisome because of the absolute mean share of 18 per cent in 1999, and the continuous fall in the share of education in the state budgets. The data further reveals that, on average, about 2/3 of education expenditure is on secondary education, while primary education receives only about 11 per cent of budgetary allocations.

Table 3. Education Expenditure as a Share of Total Expenditure of Selected State Governments (1995-1999) (%)

	1995	1996	1997	1998	1999
Enugu	20.1	15.6	20.2	14.8	17.0
Rivers	25.0	18.4	16.0	19.2	9.2
Borno	13.3	16.6	9.9	21.2	12.6
Oyo	14.6	12.6	13.0	11.4	11.6
Benue	34.6	28.1	24.4	21.5	29.9
Anambra	28.0	28.9	33.5	16.0	27.4
Niger	15.3	17.3	32.4	16.4	27.5
Ekiti			35.6	22.9	27.1
Jigawa			23.0	21.0	16.8
Kano				11.0	13.8
Plateau				21.7	19.0
Lagos					24.8
AVERAGE	20.1	17.3	23.0	19.2	18.0

Table 4. Share of State Government Education Expenditure by Level of Education in Selected States (1998) (%)

	Primary	Secondary	Tertiary	University
Enugu	17.0	52.7	30.3	0.0
Rivers	9.7	50.6	21.4	18.3
Borno	5.0	69.1	25.8	0.0
Kano	9.2	66.3	24.5	0.0
Plateau	3.3	83.9	12.8	0.0
Benue	11.9	50.2	15.3	22.2
Ekiti	10.4	66.2	13.0	10.4
Niger	13.8	65.8	16.6	3.8
Oyo	23.1	37.6	27.5	11.8
Average	11.4	60.3	20.8	7.4

Source: World Bank (2002)

3.5.3 Educational Financing by the Local Governments

The funding of primary education is primarily the responsibility of local governments. Its management is vested in the State Primary

Education Board whose finances come from direct deduction of revenues accrued to local governments from the federation account. Deductions accruing to state governments equal 15 per cent of contributions of local governments for salaries and non-salary items. This was reduced to 10 per cent in 1999. The federal government contributes N50 per pupil for educational materials, while the local governments are required to pay the salaries of all teachers. On the whole, the World Bank (2002) has shown that 86 per cent of funds for primary education are derived from local government's allocation from the federation account. State governments contribute around 10-12 per cent.

Table 5. Sources of Funds for Primary Education in Selected States (1999) (%)

	Kano	Borno	Oyo	Rivers	Enugu	Benue	Ekiti	Niger	Jigawa	Lagos
Local	84.8	84.1	78.5	84.6	84.8	95.6	85.4	85.0	87.9	87.9
State	9.4	11.5	19.4	12.6	12.4	4.4	11.7	14.8	12.1	12.1
Federal	5.8	5.5	2.1	2.8	2.8	0.0	2.9	0.2	0.0	0.0

Table 6. Funds Released by the Education Tax Fund

SUB-SECTOR	1999 (N'Million)	2000 (N'Million)	2001 (N'Million)
Universities	2,041,375.0	466,000.0	184,800.0
Polytechnics	1,087,209.3	369,500.0	76,926.0
Colleges of Education	1,099,137.9	431,200.0	181,800.0
Monotechnics	–	193,500.0	89,616.0
Inter-University and other government agencies NECO, NMC, NFLV, NINLAN, NERDC, NIEPA, NOU, NTI, Nigerian Law Schools	215,358.9	117,360.4	277,000.0

Source: Education Tax Fund Annual Report, 2001.

3.5.4 Educational Financing: The Private Sector – Education Tax Fund (ETF)

The Education Tax Fund was established under Act No. 7 of 1993 and amended by Act No. 40 of 1998 with the objective of using funding with project management to improve the quality of education in Nigeria. The Fund has been very active in intervention funding for higher education in particular, in recent times.

3.5.5 An Appraisal of Current Funding Arrangements

A critical appraisal of existing funding arrangements reveals that all official sources of funding are oil-driven, and therefore unpredictable. As available data indicates, education has been receiving a declining share of budgetary allocations even in times of stable oil prices. Given a lackluster approach to population growth, the country would continue to require higher and higher budgetary allocations to fund public sector component of education. With poor macroeconomic performance, higher allocations to education would cripple the provision of social services in other sectors of the economy. A more seemingly stable source, the Education Tax Fund is macroeconomic driven, being dependent on the overall performance of the economy. Where there is a general economic downturn, corporate profits would be affected and so too their contribution to the Fund. It becomes imperative to evolve more credible sources of funding education in the country which will situate liability and responsibility more squarely on identified stakeholders.

3.6 Sustainability of existing funding arrangements

The phenomenon of allocating a declining fraction of below 2 per cent of the GDP to education poses a serious danger to the country's long-term growth and development prospects (Umoh 1995). Large variances exist between budgetary provisions and actual expenditure because budgetary pronouncements are not backed by fund releases.

In spite of this, national budgetary provisions are far below the UNESCO minimum of 26 per cent of GDP. Samuel (2002) has proffered explanations for the poor funding of education in recent times to include the non correlation between injections and leakages and the inability of government to provide durable mediating structures that would sanitize the effects of fiscal and monetary policies. Since the provision of additional resources is a function of dynamic macroeconomic performance, low capital formation resulting from low savings in the face of growing enrolment at all levels of schooling, an economy growing at an average of 2 per cent in a decade, such as ours, will not be able to rise up to the challenges of funding.

4. Problems of Funding Education

The observed symptoms of educational crisis include the dilemma of schooling without learning, rising graduate unemployment, fast deterioration in human capital base and increasing distributional inequality (Umoh 1995). Umo also identifies financial allocation and management crisis, crisis in the teaching profession, low participation rates, declining quality and depreciation of human capital base as the primary causes of the funding crises. On 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 available financial resources (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 a profession of last resort, and a take-off-point for young graduates seeking greener pastures. This implies that those currently on the job are there because they cannot secure a better job elsewhere.

Regarding low participation rates, studies have revealed that the

introduction of school fees in primary schools markedly reduced the participation rate of 96 per cent attained in 1983. Thus, the participation rate of 25 per cent in secondary schools anticipated in 1975 fell to 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). A disturbing trend in university enrolment is the undersubscription of the basic science and technology departments while others, especially, social science and liberal arts, were oversubscribed. Low participation, according to Umoh (1980), is traced to the crisis of funding as well as overstretched facilities.

Although an all-embracing index to synthesize the quality of education is not available, use is often made of performance at examination as a measure of quality. Thus, in Nigerian secondary school system, a disquieting picture of quality deterioration in the last 25 years is observed. For instance, a good qualified pass (minimum of five credits in the eight subjects offered) at the Ordinary Level West African School Certificate Examination or the General Certificate of Education (GCE), averaged 32 per cent for all entries in the 1960s, but this fell to 10.5 per cent in the 1970s (Umoh 1980). Performance, measured in terms of selected core subjects, including, English Language, Mathematics and Biological sciences, shows high failure rate of over 60 per cent in the 1980s.

The problem of physical facilities, workshops and laboratory equipment is acute in technical colleges and secondary schools, as shown in the Nigerian National Rolling Plan (1993/1995). At the tertiary level, there has been growth in enrolment without commensurate expansion in available facilities. Also, absence/shortage of laboratory equipment, funds, academic staff and relevant books, frequent closure of universities and other higher institutions, adversely affected the quality of training. Thus, the quality of education has been severely impeded not just by financial conditions but also by other environmental/socio-economic and political factors.

The fall out of these is the gradual depreciation of the country's human capital stock. The reasons adduced in the literature include, among other things, declining tempo of primary research by Nigerian scholars owing to lack of funds, dearth of relevant textbooks and the escalating cost of available educational materials. Also, mass graduate unemployment and retirement of experienced professionals as a result of the non-utilization of human capital of an earlier vintage have severally been identified (Ekpo 1989; Umoh 1995).

5. Possible Options For Improving Educational Funding

In what follows, we advance ways of improving existing funding arrangements.

5.1 Rationalization

There have been calls in recent times to rationalize both course and number of universities in the country so as to achieve cost effectiveness and efficiency. The viability of this option is questionable because of the pluralistic nature of Nigerian federalism. While each component of the federation was envisaged to be free to determine its own priorities within the scope of available resources, national issues were to be addressed by the federal government. If, for one, it was agriculture, and for the other, education, states were to allocate resources to the priority areas accordingly to achieve their development goals. This was the basis for establishing tertiary institutions in the former regions. Those needs are not only still there, but have, in fact, become more complex and compelling, as only few qualified candidates who apply for placement in Nigerian universities get absorbed. The existing universities are not expanding their facilities to accommodate more students. An arbitrary reduction in the number of universities is an invitation for chaos and anarchy and, therefore, not the best response in the circumstance as it would compound the problem of inadequate admission space for thousands of qualified candidates whose

skills Nigeria needs to achieve her developmental goals.

The rationalization of courses would seem a more advisable option. But even this should aim to de-emphasize undersubscribed courses in federal 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 the educational system would find relevance in society. This underscores the urgent need for university autonomy in the country.

5.2 Reactivation of the student loans fund

The fund was established in 1972 essentially to give loans to students in pursuit of higher education. The programme was, however, suspended in 1978, when university education became tuition free. Available statistics shows that the recovery rate of the loans stood at 11 per cent of all loans advanced. The administration of the programme was largely influenced by parochial rather than national interests. Cases abound where academically qualified but financially indigent applicants were excluded from the loan facility while the financially buoyant but academically dull students were on the liberal government scholarship. The observed administrative lapses notwithstanding, the option of student bursary programme is still viable, but for efficiency there is need to reorganize its administration.

5.3 Break-even proposal

Cost recovery involves charging the students for the cost of services rendered, including tuition. This is expected to free substantial resources, in subsidy to tertiary institutions for lower levels of education. Though practicable and seemingly viable, the approach may have political hitches, given the unenviable precedence of student riots on cost recovery approaches in the past. The food subsidy riot

of 1978 and the petroleum subsidy riot of 1995, which resulted in substantial loss of lives and property were direct consequences of attempts at cost-saving measures. However, with careful dialogue, this approach could be explored cautiously and implemented in phases. Backed by political will, this remains the most viable option.

5.4 Business initiatives by the university

A number of tertiary institutions are implementing a battery of internal revenue generation drives in form of business consultancy units, guest houses, supermarkets, bookshops, car wash, etc., to augment their finances in the wake of dwindling financial allocations. However, available records indicate that these outfits, because of inept management and unattractive remuneration, are conduit pipes on the lean finances of these institutions, as they hardly break even. The need for these units as revenue-generating units cannot be overemphasized. However, to attract and retain competent hands, there should be differentials in the remunerative structure of the units' staff and the university salary scale, and the units must operate professionally.

5.5 Role of the government

A missing link that needs to be promptly addressed is the need to synchronize and properly situate educational plans within the overall national development objectives. This will also help achieve enhanced human resources development in the country, and minimize the problems of graduate unemployment and sectoral brain drain. There is need for a policy shift from tuition free to comprehensive facilitation of education, and a commitment to increase educational funding to UNESCO minimum of 26 per cent of GDP, which should be a first charge, and a legislation to protect these funds from being diverted to other uses. Prioritization in ordering the release of budgeted funds to the educational sector is of utmost importance. Introducing tuition

involves in addition commercializing certain services at the universities as is the practice elsewhere. Government/institutions may make available funding options which students can access with varying implications. Policy could also place direct responsibility on the community to share in the cost of running public schools in their domains. For instance, as their contribution, remote communities could, be entrusted with the responsibility for improving the welfare of teachers and for providing them with accommodation and they will have a stake in those schools on the management of their finances and academic quality. A constitutional amendment on teacher's salaries is long overdue. The need to make salaries of teachers a first charge like that of judges cannot be overemphasized. Adequate incentives could be provided in the form of tax incentives to private sector participants in non-profit ventures in education.

5.6 Role of the private sector

In most industrial countries, the private sector is the life wire of the educational system while government facilitates and provides the enabling environment. The beauty of private sector dominance is that government influence in these institutions would be minimized, and disruption of academic programmes would be seldom. Nigeria's robust private sector can rise up to these challenges and design funding programmes that have high future returns both for individual organizations and the economy at large. The recent approval given to voluntary agencies and private individuals to establish universities and polytechnics is an acknowledgment of the increasing liberal approach of government to joint participation in the management and funding of education. The present arrangement provides an opportunity for non-governmental organizations to push for more direct roles in the education project. Private sector participation through the Education Tax Fund is highly acknowledged. The sector should be interested in knowing how the ETF funds are used and what effects they have on the educational sector.

5.7 Role of donor agencies

Instead of giving grants to government agencies, given the poor state of public sector accountability, donor agencies and NGOs should be involved in the direct construction of classroom blocks, provision and equipping of science laboratories and technical workshops; award of scholarships to needy students; funding of research and publications, provision of functional libraries; and provision of extra incentives to teachers and an enabling environment for teaching and learning. These would ease the problems of congestion, inadequate facilities and lack of access in our schools. Donor agencies could also work towards sponsoring the Technical Aid Corp Programme to needy African countries so as to free resources for the educational sector. Donor agencies could consider rolling plan type funding arrangements, based on performance appraisal, rather than ad-hoc measures.

5.8 The role of NGOs

At the commissioning of the Etsu Nupe Committee on the future of higher education in the country, government observed that it was "... the principal financier of university education in Nigeria. Government allocation constitutes over 90 per cent of the total running of Universities". With the deplorable state of our infrastructure, including roads, electricity and water supply, telecommunications, medicare, etc; it is apparent that government alone cannot fund education or sustain the tempo of current funding. Educational funding, therefore, requires the cooperation of all stakeholders, including the NGOs. The need for planned human resources development programme that would shift emphasis away from formal to informal education and on-the-job training cannot be overemphasized. Since non-formal education and/or in-service training has the additional advantage of professional relevance and is less costly from opportunity cost dimension and less financially demanding on the formal systems, NGOs

should explore the possibility of funding these projects.

5.9 The role of the community

The community can directly participate in the educational financing of its members through community-based literacy development programmes. Admittedly, this will require mass mobilization effort on the part of the community. Regular teachers and literate youths in the community could be mobilized by the NGOs to take adult literacy classes. Such teachers and youths could draw stipends from each community's development Association's funds. The beneficiaries of these literacy classes could pay some fee in cash or kind. Rich members of the community, age group organizations in the community, and voluntary agencies could sponsor literacy classes on a regular basis. Communities could also be encouraged to establish bursary awards for their children to encourage transition and ensure a reduction in the drop out rate.

6. Summary and Conclusion

This paper has identified the problems of funding education in Nigeria. It observes that although the private sector and NGOs contribute to educational development, the share of the federal government is overwhelming. Given the poor state of the country's infrastructure, the paper argues that the current financing trend might not be sustained in the near future.

It observes that while government should urgently rehabilitate educational facilities, it should introduce tuition and concentrate on creating an enabling environment for learning. To enhance the effectiveness of the role of the NGOs, they should concentrate on solving accommodation problems, providing and equipping science laboratories and technical workshops; providing scholarships, funds for research and publication, building of functional libraries, and providing extra incentives to teachers as well as creating

an enabling environment for teaching and learning to take place. It also involves sponsoring the Technical Aid Corp Programme to needy African Countries. In all, for the educational financing mechanism to be sustainable, there is need for cooperation between all stakeholders, including the government, the NGOs and the private sector.

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