



NIGERIA
Development or
Underdevelopment



(Selected Seminal papers)

AKPAN EKPO

Chapter Two

MANAGING UNIVERSITY EDUCATION IN A DEPRESSED ECONOMY AND THE CHALLENGES OF THE 21ST CENTURY

INTRODUCTION

Any nation requires high level manpower in order to ensure that its economy can reproduce, sustain and plan for the future. The required manpower, more often, is trained in universities and/or similar educational institutions. The funding of universities in most sub-Saharan African countries (SSA) including Nigeria is primarily the responsibility of government. In Nigeria, the Federal and State governments provide about 90% of the funds needed by universities.

The British colonialists with the establishment of the University College, Ibadan in 1948 formally introduced university education into Nigeria. Following the country's independence in 1960, the government saw the need to expand access to university education by increasing the number of universities. The number of universities grew steadily from three to six and now stands at thirty-six. Presently, thousands of Nigerians have access to University education.

University education is important for national development. The former President of Tanzania, Julius Nyerere (1966) maintains that "the University in a developing society must put the emphasis of its work on subjects of immediate moment to the nation in which it exists, and it must be committed to the people of that nation and their humanistic goals..."

We in poor societies can only justify expenditure on a University - of any type - if it promotes real development of our people. The role of a university in a developing nation is to contribute to ideas, manpower, and service for the furtherance of human equality, human dignity and human development". To achieve these objectives, countries spend huge sums of money on university education.

The funding of universities in the country seems to have been influenced by the performance of the economy.

For example, the rapid expansion in terms of the number of universities and students was witnessed during the oil boom of the 1970s. Put differently, government's revenue position partly determines the funding of our universities.

The objective of this lecture is to examine issues bordering on how best to manage university education as well as discuss challenges for the 21st century. The lecture is organized thus: following this introduction, section 2 analyses the performance of the Nigerian economy. In section 3, we examine the present state of our university. The role of public sector in managing university education is analysed in section 4 while challenges for the 21st century is investigated in section 5. University education and Nigeria's federalism follow in section 6 and in section 7 we conclude the lecture.

2. PERFORMANCE OF THE NIGERIAN ECONOMY: IS THE ECONOMY IN A DEPRESSION?

The Nigerian economy has experienced the typical phases of a business cycle. There have been periods of prosperity, decline, depression (recession) and recovery. The economy has had several booms. The agricultural export boom of the 1960s. The petroleum boom of the 1970s and the financial boom of the 1980s. Unfortunately, none of the boom was linked to the real sector hence the economy remains essentially underdeveloped.

We examine the performance of the economy by observing the direction of economic fundamentals for the period 1980-1997. Table A1 and A2 in the appendix provide the basic economic indices. Gross domestic product (GDP) stood at N221691 million in 1980. Thereafter, it declined steadily and was N198823 million in 1986. It increased to N240883 million in 1989 and by 1994 it stood at N291333 million. In growth terms, GDP growth rate was 4.1% in 1980. For the period 1982, 1983 and 1984 GDP registered negative growth rates of -0.3%, -5.4% and -5.1% respectively. The economy had entered a recessionary phase. The austerity measures of 1984 and 1985 coupled with the implementation of the Structural Adjustment programme (SAP) in 1986 reversed the negative growth

rate of GDP. Thereafter, the GDP on the average grew by an average of 4.6% between 1988 and 1997. The growth rate during that period is above the population growth rate of about 3%.

The rate of inflation which was 9.9% in 1980 jumped to double-digit (23.4%) in 1983. By 1988, the rate of inflation had increased to 56.1%. During the period 1980-1997, the rate of inflation was highest in 1995 with the rate of 72.7%. Increased deficit spending and depreciation of the domestic currency fueled the rate of inflation. In 1997, the rate of inflation became single digit (8.5%). As a result, the economy for the first time in about ten years, experienced positive real interest rates thus restoring some consistency between savings and investment.

The economy has not performed well in terms of production. Capacity utilization was 70.1% in 1980, and 73.3% in 1981. Thereafter, it declined alarmingly such that in 1997 capacity utilization is 37%. This clearly is an indication of an economy in a recession. From 1984-1997, capacity utilization was below 45% (See Table A2). The result of this is a loss of employment, further reducing aggregate demand in the economy.

Presently, the external debt of the economy is staggering. Debt service ratios suggest a high debt overhang. The external debt/export ratio was 13.2% in 1980, to 148.9% in 1983 and had a record high of 418.3% in 1988. Deliberate effort to reduce the debt burden reduced the debt service ratio to 178.1% in 1997. This ratio is quite high considering the implication of debt service on sustainable growth and development.

It has been shown elsewhere (Ekpo, 1995, p.117) that the economy had not performed well; infact, the economy had evidence of stagflation. Using ordinary least square method, we fitted annual data from 1970-1992 and obtained the following results:

$$Y = .04k + 1.64L^{**} + .736Bp^{**} \quad (1)$$

(.245) (11.10) (2.279)

$$R^2 = .94; \quad F_{3,20} = 76.45$$

$$Y = .36K^{**} + 1.79L^{**} + -.12To \quad (2)$$

(3.06) (8.058) (1.12)

$$R^2 = .94; \quad F_{3,20} = 100.7$$

$$Y = 39Xr^{**} - .31Mr = .577k + 1.124L^{**} \quad (3)$$

$$R^2 = .97; \quad (5.117) \quad (4.547) \quad (9.406) \quad (4.821) \\ F_{4, 21} = 176.9$$

Notes:

The estimated results have no constant terms.

t- statistics are in parenthesis.

** = significant at the 5% level;

All variables are real and in logs

Bp = black market exchange rate premium;

Mr = real imports; and

Xr = real exports.

From equations (1) - (3), capital and labour have the expected signs. In equation (1), an increase in the black market premium rate increases output. Equation (2) shows that an increase in the share of trade in GDP - a proxy for openness- decreases output. This result seems to confirm the import dependency syndrome in the economy. The R² in all the results are satisfactory indicating that the independent variables explain the variation in output.

The fuel crisis, which started early this year, is still on. Given the importance of oil on the economy, the inability of policy-makers to reverse the persistent petroleum crisis will further weaken the economy. The economy is petroleum driven thus whatever happens in the petroleum sub-sector will filter to the rest of the economy. The effect of the on-going oil crisis will include: further decline in capacity utilization, loss of employment, increase in prices of goods and services, loss of confidence and credibility in the economy, among others.

The direction of economic fundamentals suggests that the Nigerian economy is again in a depression. Since no two depressions are alike, the present depression is quite different from the one of the 1980s. In the 1980s, there were periods of negative shocks caused by declining oil prices as well as the fact that the economies of Europe and America were in a depression. Therefore, the depression of that time was of the client type.

Nigeria experienced the depression because of the dependent nature of its economy. The present depression has been caused by protracted fuel crisis, loss of confidence and credibility in the economy because of political crisis, policy reversals and rapid

decrease in the utilization of installed capacity.

What will be the impact of the dismal performance of the economy on managing university education? It is important that before this issue is addressed, we examine the present state of our universities.

3. PRESENT STATE OF UNIVERSITY EDUCATION

According to a recent World Bank Report (1996).

Nigeria has made progress in increasing access to education but rapid expansion and budgetary constraints are severely restraining the system. The quality of education is poor and declining. Too much is spent on large programs and projects, particularly at the tertiary level, and not enough on facilities maintenance, instructional materials, and teachers. Policy objectives for education need to be prioritized while costly, less essential projects need to be eliminated. The federal Ministry of Education and Youth Development, and its parastatals, should concentrate on improving their capacities for regulation, planning, budgeting and monitoring. The trend towards multiple educational funds should be reversed in order to restore efficiency, transparency, and accountability.

An examination of selected educational indicators for Nigeria appears to confirm some of the fears raised by the World Bank. From Table 1 below, it can be seen that enrollment at the tertiary level dropped to about 4%. On the whole, Nigeria's enrollment ratios are better than that of sub-Saharan Africa. Specifically, the number of universities rose from six in 1973/74 to thirty-six in 1990. On the other hand, enrollment in the universities increased from 25,000 in 1973/74 to 180,000 in 1990 representing a compound growth of about 7.6% (See Table 2.1 below).

There is no doubt that the rapid increase will put pressure on existing facilities.

The recent decline in educational quality can be traced to inadequate or declining real expenditure per student. Real expenditure fell due to a combination of increased enrollment and inflation. The increased enrollment resulted in fewer naira per

student while inflation decreased the purchasing power of each Naira. Per student expenditures fell by 59% in the Federal Universities between 1985-90 (See Table 2.3).

TABLE 2.1: Growth in Schools and Enrollment in Nigeria: 1973 - 1990

Years	PRIMARY UNIVERSITIES		SECONDARY		TERTIARY POLYTECHINCS			
	No. of Enrollment	No. of Enrollment	No. of Enrollment	No. of Enrollment	No. of Enrollment	No. of Enrollment	No. of Enrollment	No. of Enrollment
1973/74	14525	4764808	1337	448904	-	-	6	25000
11983/84	36126	16171380	5076	1627905	-	-	13	160000
1990	34904	2821087	6358	3062105	27	60533	36+	180000

Notes:+ Figure includes degree awarding colleges of education.

Sources: (1) Calculated from various table in Umo 1985a.

Central Bank of Nigeria, Annual Reports and Statements of Accounts, 1990 p. 101

TABLE 2.2: Nigeria Selected Education Indicators, 1965-91

	Nigeria	Indonesia	Venezuela	Mexico Sub-Sahara Africa	Low & Mid.Income
Illiteracy Rate 1990					
Female	61	32	10	15	62
Male	49	23	12	13	50
Primary Pupil Teacher Ratio a					
1970	34	29	35	46	43
1990	41	23	23	31	41*
Primary Enrollment Ratio					
1965	32	72	94	92	41
1989	78	116	94	117	69
1990	72	116	97	115	68
1991	71	116	99	114	66
Secondary Enrollment Ratio					
1965	5	12	27	17	4
1989	22	45	34	56	18
1990	20	45	34	55	17
1991	20	46	34	55	18
Tertiary Enrollment Ratio					
1965	0	1	7	4	0
1989	5	9	29	16	2

1990	4	10	30	15	2	7
1991	4	10	30	15	2	8

a. Enrollment ratios will exceed 100 percent when some of the pupils are younger or older than the country's standard school age.

Source: World Bank, World Development Report.

TABLE 2.3: Nigeria: Real Recurrent Expenditures per Student

	Constant 1985 prices		Percent Change 1985 - 1990
	1985	1990	
Primary level	65	65	0
Secondary level			
Federal	1187	408	-66
State	219	167	-24
Tertiary level			
Federal Universities	3911	1606	-59
Federal Polytechnics	1460	1492	2
Colleges of Education	2890	1816	-37

Source: 1985 data from World Bank Report No. 6920-UNI, December 30, 1988; 1990 data are World Bank staff estimates on FMEYD data.

Our universities today have to tackle the issue of poor quality among students. Several years ago, few bad students were in the system, presently there are few good students. The situation must be reversed if university education is to play its role in national development. There is no doubt that the lack of facilities such as books, equipment etc. has contributed to this problem. In addition, if the quality at the lower levels is poor, then all things being equal, quality in the universities may remain low. It is thus important that the equality of education be enhanced both at the primary and secondary level.

Today our university is suffering from what I refer to as the **recycling of ignorance syndrome**:

Half-baked students become half-baked lecturers who in turn produce half-baked graduates. Those half-baked graduates are now finding themselves into all aspects of life in Nigeria. If the situation is not reversed, the country will one day be taken over by half-baked citizens working in different professions. We must therefore insist that quality be the watch dog in our universities.

4. THE GOVERNMENT AND UNIVERSITY EDUCATION

All universities in Nigeria are owned either by the Federal government or state governments. University education is therefore funded almost 95% by government. The National Policy on Education which was devised in 1977 and updated in 1981 and 1991 calls for free university tuition, advocated the establishment of more federally funded universities to ensure even geographical coverage. State universities collect tuition fees; the National Policy on Education discouraged the establishment of new state universities.

In general, federal education sector budget allocation has fluctuated in recent years between 8 and 14% of the total non-debt allocation. In 1994, the budget allocation was 14% of the total and was larger than all ministerial allocations. Education allocations were the equivalent of 0.8% in 1990. It declined to 0.4 in 1992 and increased to 1.1% and 1% of GDP in 1993 and 1994 respectively. In real terms, the allocations fell by 37% between 1989 and 1992 and then increased by 118% in 1993 because of the growth in all categories of spending (See Table 2.4 below).

The nominal composition of Federal Budget allocations is shown in Table 5. Federal spending is heavily biased in favour of tertiary education in absolute terms and in per student terms. The Federal government expenditure on every university student has been 25 times that for each primary pupil and 10 times the amount for every federal secondary pupil. These ratios are very high when compared to other countries. The National Universities commission (NUC), which is responsible for universities, has received the lion share of total allocation to the educational sector. In 1989, NUC received 33.7% of total allocation. It increased to 40.8% in 1991 and 50.1% in 1994. These increases have been in nominal terms. If the rate of inflation is considered, the allocations will be lower in real terms during periods of high inflation.

Nonetheless, other stakeholders like lecturers in the universities feel that the funding is not adequate in enhancing the equality of university education. Lecturers through their union, ASUU have maintained that there still exist dearth of teaching and research facilities in the university system and have continuously

called for increased funding by government.

More often request for more funding has featured in the demands of ASUU.

It is important to note that university education has witnessed serious crisis such as persistent strikes by academic and non-academic. The result has been loss of academic sessions, longer period for deserving students to graduate, low morale among staff and brain drain. These factors have aided the deterioration of the university system. However, the challenges that will face the system as we move into the 21st century will include how to ensure sufficient funds as well as returning to the old glory of qualitative education.

TABLE 2.4: Nigeria: Level of Federal Budget Allocations, 1989-94

	1989	1990	1991	1992	1993	1994
Naira Millions						
Budget Allocation	1941722	2294418	1794089	2153535	7389144	9384627
A. Recurrent	1719834	1962672	1265232	1679405	5952734	7064227
1. Personnel	566281	775272	630924	817069	3224395	3821630
2. Overhead	1153552	1187400	634308	862337	2728339	3242597
B. Capital	221888	331746	528858	474130	1436410	2340400
As a Share of Total						
Allocation	12.2	10.8	8.1	7.8	12.9	13.6
As a Share of GDP	0.8	0.8	0.5	0.4	1.1	1.0
Constant Price Indices						
(1989=100)	100	110	76	63	138	100

a. Excludes NPEF, ETF and PSTF.

Source: Approved Budget and Staff Estimates.

TABLE 2.5: Nigeria: Nominal Composition of Federal Budget Allocations, 1989 - 94

	1989	1990	1991	1992	1993	1994
Percent of Total Education Allocation						
By economic Use	100.0	100.0	100.0	100.0	100.0	100.0
A. Recurrent	88.6	85.57	0.5	78.08	0.4	75.3
1. Personnel a/	..	33.8	35.2	37.9	43.6	40.7
a. Ministry	4.5	5.1	6.6	6.8	5.2	5.5
b. Parastatals	..	28.7	28.6	31.1	38.4	35.2
2. Overhead	59.4	51.8	35.4	40.0	36.9	34.6
a. Ministry	7.9	3.8	15.1	22.6	12.2	12.1
b. Parastatals	51.5	43.0	19.3	17.5	24.7	22.4

By Capital	11.4	14.5	29.5	22.0	19.6	24.7
By Institution	100.0	100.0	100.0	100.0	100.0	100.0
A. Ministry of Education and Youth						
Development	18.8	18.8	30.5	35.9	24.4	24.9
1. Personnel	4.5	5.1	6.6	6.8	5.2	5.5
2. Overhead	9.1	8.8	16.1	22.6	12.2	12.1
o/w Grants, Contrib. & subventions	3.8	2.7	5.9	6.4	4.1	4.2
3. Capital	5.2	4.9	7.8	6.5	7.0	7.2
B. NUC	33.7	32.6	40.8	39.3	53.6	50.1
C. NBTE	6.1	5.7	7.0	9.5	12.1	13.1
D. NCCE	0.0	4.5	6.7	7.7	8.7	10.8
E. Primary Education Commission	0.0	0.2	0.5	0.0	0.0	0.0
F. Primary Education Scheme	41.2	34.9	0.0	0.0	0.0	0.0
G. National Library	0.2	0.3	0.9	3.0	1.2	1.1
H. Other Education	0.0	3.1	13.6	4.6	0.0	0.0
By Educational level (Percent of Total)						
A. Tertiary (UNC, NBTE, NCCE)	39.8	42.8	54.5	56.5	74.4	74.0

a. Excludes personnel cost recorded as part of grants and subventions.

Source: Approved Budget, various issues.

5. CHALLENGES ON THE 21ST CENTURY

The present condition in our universities coupled with the globalization trend offer challenges to stakeholders in the university system. Let me examine these issues along the following headings:

(i) *Cost Recovery*: The Federal Government must address the issue of introducing tuition fees in universities. This will be a kind of cost recovery mechanism. It is unfair for all categories of student to enjoy free tuition - this runs contrary to the equity principle. However, bright students especially those from poor homes should be given scholarship to enable them complete their studies. The Government must take this bold decision.

(ii) *Establishment of private Universities*: Religious groups and wealthy individuals should establish private universities. These universities will provide healthy competition to government owned ones. The competition will set high standards and improved quality for both students and lecturers. However, the National Universities Commission must regulate

and monitor standards in order to avoid the establishment of sub-standard universities. There are existing guidelines for establishing private universities yet not one has been created. Perhaps, government may have to re-examine the guidelines to ascertain whether they (guidelines) are too rigid to implement.

(iii) *Re-orientation on University Education*: For the 21st century, government must have to re-orient its citizens on what university education is about. University is not for everyone; there are those who may help society better by acquiring skills in other centers of learning. This is for those wishing to be students.

Another kind of re-orientation is for wealthy Nigerians, private sector, community, etc. This will be to sensitize them on the need to assist in funding universities. This could be achieved through endowments, gifts, scholarship schemes etc.

(iv) *Planning, Budgeting and Monitoring*: The Federal Government should increase the institutional capacity for carrying out the national policies on education. Capabilities to forecast resource requirements, based on policy goals and information about current needs and costs should be improved (World Bank, 1996,p.119). The budget process should be used as a tool to support educational quality standards and strategies. "Ad hoc allocation and expenditures should cease. Accounting procedures should be standardized, uniform accounting codes used, and records should be conscientiously maintained". This will allow for greater transparency and accountability.

(v) *Deregulation and Globalization*: As we move into the 21st century, certain aspects of the university system may have to be de-regulated. Salaries of staff may be arrived at through collective bargaining in which case the market variable may be ascribed more weight. Two lecturers of the same grade may not have to earn the same salaries. Salary should be

based on performance measured in terms of output, amount of grant attracted, etc.

Within the above framework, the University system in Nigeria will open itself and attract quality staff. The present euphoria on globalization suggests that the university system in Nigeria cannot exist as an island. Faculty exchange, collaborative research and student exchange are essential ingredients for integrating the Nigerian university system into the global environment.

6. UNIVERSITY EDUCATION AND NIGERIA'S FEDERALISM

The current debate on the desirability of reducing Federal government owned universities ought to be resolved as we approach the 21st century. If the Federal government must keep some universities, which ones should they be? What will happen to the remaining ones?

Attempting to address these questions re-echoes the urgency of addressing the country's federalism and the whole issue of revenue allocation.

If lower levels of government are allowed to control sources of revenue and pay some royalty to the Federal government when it will make sense for university(i.e.) to be partially funded by states, for example. It is in this context that the whole issue of whether universities should be federal or state owned needs to be examined.

7. CONCLUSION

We have examined issues bordering on managing university education in a depressed economy. In addition, we have discussed certain challenges that will face the university system as it enters the 21st century.

It seems to us that to remain relevant in terms of quality and contribution to national development, the university system ought to strive towards greater autonomy by looking for ways of generating / internal revenue.

The issues we have raised are by no means exhaustive. It is hoped that our contributions will provoke further discussion on the subject matter.

TABLE 2.6: Nigeria: Gross Domestic Product and Gross Capital Formation, 1980-1994 (N million)

Year	GDP	Gross Capital Formation (GCF)	GCF GDP%
1980	221691	11431	5.2
1981	203090	11594	5.8
1982	202403	9734	4.8
1983	191533	7479	4.0
1984	181773	4257	2.3
1985	198823	5126	2.5
1986	205055	7734	3.8
1987	204088	9605	4.7
1988	224315	9392	4.2
1989	240883	18424	7.6
1990	260637	31127	12.0
1991	272962	35620	13.0
1992	281089	58940	21.0
1993	287488	81398	28.3
1994	291333	85314	28.3

Note: GDP is at 1990 prices.

Source: IMF: International Financial Statistics, Various Issues.

TABLE 2.7: Approved Budget, Federal Ministry of Education and Youth Development, 1989 - 94 (Naira millions)

	1989	1990	1991	1992	1993	1994
A. Recurrent	1719.8	1962.7	1265.2	2008.3	6436.1	7878.1
1. Education	241.9	317.7	407.1	632.4	1285.0	1657.7
a. Personnel	88.51	16.7	118.7	146.5	385.1	518.2
b. Overhead	153.6	201.0	288.4	486.0	899.9	1139.5
1. Grants, Contrib & Subventions	52.4	63.1	105.1	137.5	303.5	395.4
a. Personnel	15.9	19.2	34.2	52.1	110.2	127.9
b. Overhead	36.5	43.9	70.9	85.3	193.3	267.5
2. Other	101.2	137.9	183.3	348.5	596.5	744.1
2. National Universities Com.	575.0	655.1	655.1	748.1	3266.7	3497.5
a. Personnel	414.2	523.8	358.0	429.0	1826.7	1953.5
b. Overhead	160.8	131.3	297.2	319.2	144.0	1544.0
3. National Board for Technical Education	77.7	91.1	91.1	162.5	807.4	1037.1
a. Personnel	33.9	60.3	60.3	105.1	456.7	584.4
b. Overhead	43.7	30.8	30.8	57.4	350.7	452.7

4. Nat'l Comm. For Coll. of Edu.	22.3	89.7	89.7	120.8	555.7	822.0
a. Personnel	12.3	48.8	48.8	74.9	422.9	612.2
b. Overhead	10.0	40.9	40.9	45.9	132.8	209.8
5. Primary Education Comm./	0.0	4.5	9.3	0.0	0.0	6.0
a. Personnel	0.0	3.0	4.1	0.0	0.0	0.0
b. Overhead	0.0	1.5	5.2	0.0	0.0	6.0
6. Primary Education Scheme	800.0	800.0	0.0	0.0	0.0	0.0
a. Personnel	0.0	0.0	0.0	0.0	0.0	0.0
b. Overhead	800.0	800.0	0.0	0.0	0.0	0.0
7. National Library	3.0	4.5	12.8	15.5	37.8	44.0
a. Personnel	1.7	3.5	6.8	9.5	22.8	25.5
b. Overhead	1.3	1.0	6.0	6.0	15.0	18.5
8. Youth Development b/..	..	..	..	328.9	483.3	813.9
a. Personnel	..	..	..	0.9	1.7	1.7
b. Overhead	..	..	..	328.0	481.6	812.1
B. Capital	221.9	331.7	528.9	496.2	1233.0	2420.7
1. Education	100.3	113.2	140.3	139.9	506.4	676.4
2. National Universities Comm.	80.0	93.2	76.3	97.2	700.0	1200.0
3. National Board for Technical Edu.	40.0	40.0	34.6	42.0	90.0	192.0
4. Nat'l comm. For colleges of Edu.	0.0	13.3	30.4	45.0	90.0	192.0
5. Primary Education Commission	0.2	0.5	0.0	0.0	0.0	0.0
6. National Library Board	1.5	1.6	2.5	50.0	50.0	60.0
7. Other Education	0.0	70.0	244.8	100.0	0.0	0.0
8. Youth Development	..	..	..	22.1	96.6	100.3

a. Recorded in approved budget as part of the FMEYD in 1994.

b. Recorded in approved budget as part of the FMEYD for 1994.

Source: Approved Budget, various issues.