

FINANCING EDUCATION IN NIGERIA: ISSUES, PROBLEMS AND THE WAY FORWARD

A. Agbiogwu

*Department of Accountancy
Alvan Ikoku Federal College of Education,
Owerri.*

Abstract

This paper examines the financing of education in Nigeria: issues, problems and the way forward. For a country such as ours should deserve a well functional educational system at all levels. In spite of the various issues raised, such as on higher education and Universal Basic Education bills, there are still problems militating against effective functioning of education. Such problems include cost involved on data collection regarding population on teacher-student ratio, average teacher-salaries, and dwindling financial support from foreign donors due to global financial meltdown. The paper therefore suggested among other things that all stakeholders should be challenged to share in the cost of education by paying some fees in order to sustain reasonable level of funding of education in Nigeria.

Education funding comes from different sources. The major one for all levels of government is public revenue from taxation. Education funds are reported to be distributed among the primary, secondary and tertiary education levels in the proportion of 30%, 30% and 40% respectively, Balami (2003). The public funding includes direct government materials, teachers' salaries as well as indirect expenditure in the form of subsidies to households such as tax reductions, scholarships, loans and grants. It also includes payment for Education Tax Fund (E.T.F) for capital expenditure. The main source of fund for

the government are the federal taxes and duties on petroleum profits, imports and export, which form the revenue of the Federation Account and the centrally collected Value Added Tax (VAT) which was introduced in 1996, Hinchliffe (2002). At present, private sources account for about 20% of the total national donors, particularly in the form of loans. The Nigerian government was able to fund the education sector considerably as a result of huge wealth generated from the sale of oil, whose discovery brought a fundamental change to the economy of Nigeria.

Education in Nigeria always faces crisis. This accounted for the reason why

the Academic Staff Union of Universities went on the prolonged strike before the present government. One of the reasons why the Union embarked on strike was under-funding of institutions. The government in other hand accused the education sector of being inefficient. It is the aim of this paper to address some issues surrounding the financing of education in the tertiary, secondary and primary education tiers.

Issues in Financing Education

Several issues in the financing of education in Nigeria are embedded in the virtually endemic problems of fiscal federalism - in particular the so called vertical and horizontal fiscal imbalances. The former deals with the balance between financial responsibilities and financial resources at each level of government - federal, state and local. The latter deals with equity across the sub units of each specific level of government such as state or local governments. In Nigeria since independence, the search for appropriate mechanisms and formulae for minimizing each set of imbalances has been particularly problematic. For instance, between 1960 and 1991, sixteen changes were made to the Constitution in attempts to resolve these issues. Education figures centrally in these debates for several reasons - first, primary school enrolments are part of the allocation formula for distributing centrally collected revenues across states. Secondly, the education sector typically consumes a significant share of state and local government resources. And thirdly, the financial responsibility for

primary education across levels of governments has never been fully resolved. Over the past fourteen years in particular, the sources and modalities for funding this level of education have undergone significant changes.

In contributing on the issue on financing education, Hinchliffe (1989) and World Bank (2002) suggested that since primary education is currently under funded, the proposal to universalize basic education including the first three years of secondary schooling, implies that new mechanisms are required for additional funds to be made available. They further reiterated that in principle, several approaches and combinations of these exist including:

- i) the allocations from the federation account to the local governments and to states could be increased to allow them to increase expenditures on the programme (Universal Basic Education, USE) either through increased deductions at source or voluntarily.
- ii) the required additional funds could be made a form of first charge on the federation account before allocations to the different tiers of government and
- iii) specific purpose grants could be made by the federal government to state and local governments.

It should be noted that the Universal Basic Education Bill which was recently passed in April 2002 adds a little more flesh to the financing of proposals. But still leaves many unresolved issues.

The bottom line is that currently, primary education is under-funded even with only 60% of the age group in school (World Bank 2001). The call for universal primary education is unrealistic within this setting without a considerable increase in the level of resources utilized in the sector. This implies that the level of government which is responsible has access to the required resources and that these are used for the purposes of primary education. There has been call for a new set of rules for the allocation of federation account funds in line with the constitution and the issue of whether universal primary education is really to be a national target will need to be addressed. If it is to be a meaningful national target then serious analysis of the expenditures involved will need to be made, incentives/requirements placed on the states to allocate sufficient funding as in the case of the Brazilian government or a framework devised for the (voluntary) allocation of federal government grants as in the case with the Indian government.

It is worthy to note that while much attention in the past forty years in Nigeria has been given to the issues of horizontal imbalances (especially between states), less has focused on whether the revenue allocation arrangements are sufficient to minimize vertical imbalances and to allow each level of government to perform the responsibilities allocated to it. In the education sector, where, in spite of some overlaps, the major financial responsibility for each separate level lies with a different tier of government. It is

relevant to ask whether the vertical allocation criteria allows for the provision of appropriate funding for the education system. The current debate on this issue is based on very little information. For instance there is no credible estimate of the total account of public expenditure which is spent by the federal, state and local governments on education and hence of the sources, levels, trends and distributed across the various educational levels.

Implications

Lack of information on education expenditure nationally and individual states has several implications. For instance there is little basis on which to assess issues according to Hinchliffe (2002), who gave seven (7) implications on the basis to assess issues such as:

- i) whether the financial effort in this sector has been increasing or decreasing in terms of real expenditures or as a share of public expenditures or of national income;
- ii) the distribution of expenditures across the various educational levels either nationwide or in individual states;
- iii) the relative importance of each level of government in funding education;
- iv) the nature, level and importance of vertical and horizontal imbalances as they affect the education sector, and the levels of efficiency, and efficiency and equity of public expenditures in the sector which would provide a quantitative basis for arguments in

- favour of expanding or reallocating expenditures;
- v) the future public expenditure requirements, nationally or by state, as the existing enrolment resources in the system evolve naturally or are encouraged;
 - vi) unit costs of each level across states or of different levels within states;
 - vii) the expenditures which households make in both government and private educational institutions, and the reliance on these at different levels and in different states.

Finally, it is not possible to compare the levels and patterns of education expenditures in Nigeria with those in other countries. In UNESCO and World Bank publications, for example, educational expenditure data for Nigeria are either totally omitted or are recorded for the federal Government alone (UNESCO, 2000; World Bank, 2001).

Possible Sources of Funding Education in Nigeria

The following have been given as possible sources of funding education in Nigeria by Adeyemo (2000);

- Fund from owner government
- Tuition and fees
- Gifts, Grants and Endowment
- Investment income
- Auxiliaries (Enterprises, Licenses, parents and Alumni Association)
- Consultancies and Research Activities
- Community Participation etc.

Factors Affecting Cost and Financing of Education in Nigeria

Financing of education in Nigeria has not been easy. This is because the three levels of education {primary, secondary and tertiary) require huge amounts of money. In contributing his quota, Abdu (2003) highlighted the following factors affecting finance in education:

- i) Goals and objectives of education - Development needs of a nation – Human innate needs to learn,
- ii) Data and population - Student-Teacher Ratio (STR), Average Teacher Salaries (ATS) and Students Enrolment Rate (SRT).
- iii) Political exigencies
- iv) Resource management level
- v) Staff manpower capacity
- vi) Economic situation of a country

In addition to the aforementioned factors, Akintayo (2004) pointed out the problems in public financing of university education as follows:

- Pegging of admission quota by governments
- Very low educational budget by the government
- Dwindling financial support from foreign donors
- The economic growth in Africa is no longer strong enough to fund programmes in higher education
- Poverty, unemployment and uneven distribution of wealth
- High tuition charges by private higher education promoters.
- Limited number of higher

education providers both private and community organizations have not invested enough on higher education.

In the light of the above, all stakeholders must be involved in the provision of university education through integrated approach to University Education finance.

Conclusion

The financial constraints in the country have made education to suffer. Government alone may not be able to fund education effectively and efficiently due to the fact that economic growth in Africa is no longer strong enough to fund. To sustain education in the country, all stakeholders must be involved, the parents and guardians, the society in general, the private sector and non-governmental agencies.

Recommendations

Funding of education is still a major pre-occupation of government at both federal and state levels. It is associated with costs and problems which are highlighted above, in the light of the foregoing analysis, the following recommendations have been put forward for stakeholders in the education sector:

- i) Government should increase in the funding levels to education. This will in turn help in improving on the provision of facilities and services. Schools especially universities should increase their internally generated revenue through consultancy services,

- ii) All stakeholders should be challenged to share in the cost of education by paying some fees in order to attain and sustain a reasonable level of funding of education in Nigeria.
- iii) Government should intensify its efforts in implementing and sustaining provision of scholarships, bursaries and loans to ensure that all Nigerians with capacities to seek education at the different levels can actualize them.
- iv) There should be accountability and transparency in the management of funds in the institutions and there should be also mechanisms for checks and balances through the use of internal and external audits.
- v) Funding for postgraduate training and research should be enhanced.
- vi) Development partners have great potentials to bring in significant resources to the institutions and agreed that this potentials be comprehensively explained with due cognizance to national interest.

References

- Abdu, P.S. (2003). The cost and finance of education in Nigeria. *Education Today Quarterly*, June 10,12-16.
- Adeyemo, B. (2000). Public school funding: The case of community mobilization and effective management. *Journal of Educational Development 2*, 27-8.
- Akintayo M.O. (2004). Public financing and the problems of access to

- University Education. *International Journal of Literacy Education*, January - June 20-23.
- Babalola, J.B. (1995). *Education Costs and Funding Analysis*, ESP Distance Learning Centre, Ibadan: University of Ibadan.
- Balami, D.H. (2002 September). *Finance of education in Nigeria*. Paper presented at the Forum on cost and finance of Education in Nigeria, Abuja.
- FME (2003). Education sector status report published with support from UNESCO/Japan Trust Fund Project. 432/NIR1010.
- Francis, P. (1998). Hard lessons: Primary schools, community and social capital in Nigeria. *World Bank Technical Paper* No. 420. Washington D.C
- Hartnett T. (2000). Financing trends and expenditure patterns in Nigeria Federal Universities". World Bank (Mimeo).
- Hinchliffe, K. (1989). Federation and education finance: Primary education in Nigeria". *International Journal of Educational Development* 9.3.
- Hinchliffe, K. (2002). Public expenditure on education in Nigeria: Issues, estimates and some implications, Abuja, World Bank.
- World Bank (2001) World Development Report 2001. Washington D.C.
- World Bank (2002). Constructing knowledge societies. New Challenge for Tertiary Education, Washington, World Bank.