

Funding Education for Sustainable Development in Nigeria: Challenges and the Way Forward

Nwachukwu, Philip O.

Senior Research Officer

Nigerian Educational Research And Development Council (N.E.R.D.C) (South West Zone)

3 Jibowu Street Yaba, Lagos

olisanwachukwu@gmail.com

Abstract

Funding education for sustainable development is viewed in terms of what sustainable options for funding education are to be adopted for sustainable educational development in Nigeria. In analyzing this paper, the researcher established a problem and attributed the cause of unsustainable funding for education to a change in the price of oil, as a base of revenue generation in the country from 1970-2011. Optional for funding was viewed in terms of education as private good and public good, regular contributions from communities, state, large company and regular financial support from international organizations. Challenges and way forwards were based on the analysis that government should recognize basic education (that is primary and secondary education) as public good, accepts the responsibility of providing education free for all citizen and for tertiary education as private good, the private sector is encouraged to invest in and operate the provision of education base on market demand and supply framework.

Keywords: Funding, Education, Sustainable, Development, Challenges

Introduction

Education constitutes the very foundation of meaningful socio – economic, political growth and development of any nation. No wonder the federal Government of Nigeria adopted education as an instrument par excellence for affecting national development (Ajeyalemi 2009). It is as a result of the premium placed on education that made the federal government in 1969 to organize the first ever national curriculum conference in education (Ikpeze 2010). The outcomes and resolutions of that curriculum conference gave rise to the national policy on education which was first published in 1977 and has been revised in 1981, 1996, and 2004 respectively; which all involved a huge amount of funds. Since the implementation of the national policy on education in 1981, there have been a lot of innovations and reforms in the education system. Unfortunately, education in Nigeria despite these reforms and the continuous huge investment by various regimes of government has not sufficiently lifted the nation from the morass of technological, under – development, political instability and social decadence (Nwagu 2010). It can be argued that most of these reforms and innovations are poor implemented due to unsustainable funding. In this light therefore, for effective national development, there is need for optional funding of education for sustainable development in Nigeria. The development of such options for funding would provide relevant data and evidence for some policy decisions on our educational enterprise which will lead to sustainable national development.

The financing of education is at the heart of the educational crisis in many countries of the world. In Nigeria, there appears to be a perennial crisis of funding and lack of definite structures and strategies in funding of education. The overall vision in the current government aims at making Nigeria, one of the top twenty economies in the world by the year 2020. Given the economic revolution that is going on in the rapid developments in information and communication technology (ICT), it is obvious than any country that wants to be reckoned with in the global arena must be outstandingly advanced in education. This initiative conforms with Owoye (2010) that the objectives of education in any country represents the country's statement of intentions regarding what aspect of its social, economic and political needs and aspirations can or should be addressed by educational system. A review of the country's past would reveal that the role of education has always been appreciated. In spite of this articulation of objectives, what is equally obvious is that, all the initiatives introduced have been poorly implemented for various reasons, prominent which is unsustainable funding.

The Universal and Compulsory Primary Education (UPE) was introduction in 1976, without adequate preparation in terms of the number of classrooms required, number of qualified teacher available and the extent to which available resource could last. More than thirty years after that initiative, the educational sector at all levels is still characterized by poor performance and one of major explanations for this, is the crisis of funding, definite structures and strategies for addressing the problem. Eyiche (2012). He further said that this Manifestation of poor funding of Nigeria's education from the mid 1970s into 2000s causes widespread cases of arrears of unpaid teachers' salaries, school infrastructures, and equipment are non-existent, dilapidated or grossly inadequate. This makes the effective management of the education system a Herculean task, and when the situation becomes intolerable, either the teachers or the students or both revolt, leading to demonstrations,

strike actions, frequent and often prolonged closure of the institutions damage to educational quality.

The challenges of funding education in Nigeria

The challenges of Nigeria education sector in general and its funding in particular could be traced to policy and strategy instability and inconsistency, inefficient management, wastages and leakages there by overriding macroeconomic conditions that have determined the fate of the sector and where the economy is not growing at a reasonable high and sustainable rate, it will not have the resources to fund a largely – social service sector such as education in Nigeria with a high population growth rate, lackluster growth rate of the GDP would imply severe resource constraints, which could lead to the poor resourcing of social sector such as education, as could be seen from Table 1, for most of the period 1970 – 2013, the country recorded either negative GDP growth rates or low positive growth rates. It should not be surprising therefore, that education has been poorly funded over the period. Table 1 shows that the Government depends heavily on oil for an average of about **80%** of its total revenue, while non-oil (agriculture, solid minerals and other resources) revenue contributes much less-an average of about **20%**. The problem with this revenue structure is that oil revenue on which the Government depends heavily is highly exposed to the volatiles of the price of oil in the international market, as depicted in Table 2. Such derived fluctuations in the major revenue item of government means that without careful planning and rationalization of expenditure of the revenue, the implementation of government projects and programmes would be subject to frequent disruptions and distortions. Debie (2012).

An examination of the records shows that the Nigerian Government has tended to embark on ambitious education programmes in spontaneous response to oil booms. In 1973-1979 Nigeria experienced the first oil boom as a result of the Arab oil embargo against the U.S.A. In 1990, there was a second oil boom because of the Gulf war and the United Nations trade embargo on Iraq and Kuwait. A third oil boom started from 2003 fuelled mainly by galloping economic growth and attendant high energy demand in several emerging economies, spectacularly, China. It was in response to the windfall revenues resulting from the 1973-1979 oil booms that the Nigerian Government in 1976 introduced the Universal Primary Education. This laudable programme caused a dramatic expansion in the demand for educational services at the primary level. But the financial resources became inadequate, particularly following the collapse of oil prices.

Optional funding of education for sustainable development-Education as private good and public good

Education is both a private good and a public good. It is a private good because it is a process of investing in the development of labour (human resources), which is one of the factors of production and which earns income in exchange for its contribution in the production process. Levine (2012) concluded that education can be appropriately funded in the context of the market demand and supply framework. Alternatively, education is also a public good. Among the reasons for this is that an education population is considered, *ceteris paribus*, necessary for an orderly and civilized society that is required for the building of a viable democratic society. It is also an important factor in determining the national identity and a country's location in the global scale of civilization, from this perspective; education does not just confer some benefits on the individual but also on the community. Bekaert (2009) said educated is considered to have significant positive externalities, for basic education, which is considered a largely public good, the government is to play a proactive role is supplying education services sufficiently, as well as in ensuring effective demand. Ensuring effective demand implies mobilizing school-age population to undertake education and ensuring that all those so mobilized are adequately resourced to participate. The simplest way a government does this is by making basic education compulsory and free, implying that capital and recurrent costs of providing the service are made available not by the individual but by the government from the public treasury. In addition, to give effect to the provision that the private sector is not excluded from supplying basic education, the government would also provide the enabling environment regulatory, incentives (such as tax breaks) etc, to encourage private sector investment in basic education. Mekinnon (2012). For the private sector component of basic education, demand for the service would depend on the purchasing power of the households who prefer such a service to the option available from the government. Olubivo (2011). For tertiary education, the policy and strategy of government need to focus on providing the incentives and the enabling environment, generally, for the private sector to supply education. The role of government would include the provision of appropriate legislative and regulatory framework, as well as the provision of infrastructure and fiscal incentives such as tax breaks. On the demand side, individual citizens and households rather than the government will be responsible for carrying the cost of the services they demand. It is important to note that assigning tertiary education to market demand and supply does not in any way underrate the importance of high level education for the rapid economic transformation goal of the government. Pagano (2010). The dichotomy in terms of public funding between basic and tertiary education only reflects the reality of limited availability of resources and how funding responsibilities should be allocated to ensure adequacy, effectiveness, dynamism and continuability. When government focuses its limited education budget on basic education, it will be feasible to ensure a strong education base, so that products of secondary schools will be of such a high quality that they would have acquired the knowledge and skills to participate actively in the

economic and social process; while those proceeding to tertiary education would have been properly prepared for the advanced challenge. Under this framework, government will still need to get concerned about ensuring that a greater number of citizens have the opportunity to gain from higher education. Accordingly such schemes as Open University, e-learning and other forms of long-distance, non-physical presence learning would be encouraged. Stan (2010). Such programmes offer flexibility and affordable cost education that will ensure that inability to provide funds does not constitute a major inhibition to citizens who wish to undergo further studies after their basic education. Existing evidence shows that educational institutions (primary, secondary and tertiary) owned by the private sector and run on commercial principles are viable in Nigeria and that they can boast of relatively better quality of graduates. On the other hand, existing Government-owned tertiary institutions still face extreme funding difficulties in having adequate recurrent funding and in maintaining the quality of the physical assets needed to deliver qualitative education CBN (2012). There is, therefore, the need to consider a viable arrangement that would ensure: optimal use of the existing fixed assets of public tertiary education institutions, sustainable funding that would make the fixed assets productive and, the production of quality graduates. Such an arrangement would be more so desirable if it also helps to address the concern of affordability, particularly for students with poor financial background ECA (2009).

Other options for funding of education include:

- (i) Regular contributions from communities, states, such as levies on all adult to support schools, local government official, churches, and school authorizes should be involved in the launching of appeals for funds.
- (ii) Large Corporation should find the need for regular contribution to education in their operational state either in cash or by building classrooms, lecture rooms and by supplying equipment.
- (iii) Wealthy philanthropic individuals in the communities, states, should provide regular financial and materials assistance for sustainable educational development.
- (iv) Regular financial support for Nigerian's education should come from international bodies as the World Bank, UNESCO, UNICEF, UNDP, and UNFPA and other financial assistance through bilateral agreement between Nigeria and other countries.

Conclusion

The researcher concluded that Nigeria education sector and its funding problem in particular was attributed to policy and strategy instability and inconsistency, inefficient management, wastages and leakages, and over dependence on oil revenue as a source of funding of education in Nigeria.

Recommendation

Based on the analysis that are following recommendation are made:

1. Government, recognizing basic education as a public good, accepts the responsibility of providing it free for all citizens. In essence, government aims at guaranteeing the supply, as well the demand for basic education.
2. For tertiary education, the private sector is incentivized to invest in and operate the provision of education, based on market demand and supply framework. The private sector would be encouraged to mobilize investment capital.
3. Complementarily, the government would concession out the existing capital assets of its tertiary institutions to private entrepreneurs, whilst using the fees received to support deserving indigent students. With this funding architecture, Nigeria is likely to have an education funding legacy, which is sustainable in terms of adequacy, effectiveness, and dynamism

Reference

- Ajeyalemi D. A.. (2009). Issues, problems and prospects in Nigerian education. *Lagos; Josa Press Ltd.*
- Bloom B. S. (1956): Taxonomy of Educational Objectives *New York: Longman.* African Institute for Applied Economics (AIAE), (2010). Sustainability of Economic Growth in Nigeria: The Role of the Renewable Natural Resource, of Research Findings and Policy implications, Enugu, Nigeria
- Arnold J, Cooper C. and Robertson .I. (2010) Work Psychology – Understanding Human Behaviour in the work place, third Edition, Lodon: *Financial Time Management.*
- Bekaert, G., Campbell, H. and C. Lundbland (2009), Des Financial Liberalization Spur Economic Growth?' *NBER WP No. 8245.*
- Bekaert, G. and Campbell, H. (2000), "Foreign Speculators and emerging equity markets" *Journal of Finance* 55:2,565-613.
- Bekaert, G. Campbell, H. and lundblad, C. (2000), "Emerging Equity Markets and economic Developments" *Journal of Developemnt Economics*, 66, 465 -504
- Bisat, A. Johnson R and Sundararajom, V (1992). "Issues in Managing and Sequencing Financial Sector

- reforms". Lesson from Experiences in five Developing countries". *International Monetary Fund* ,
Working paper, WP /92/82,1992.
- Central bank of Nigeria (CBN) 2012 Annual report and Statement of Accounts
- ECA (2009) Enhancing Africa's Competitiveness' Policy issue in National Resources and Science and
Technology. Economic Commission for Africa (ECA), Secretariat Report, *ECA/ESPD working paper*
2010/3, Economic Commission for Africa, Economic and Social Policy Division, Addis Ababa.
- Fafunwa, A. B. (1980). *New Perspectives in African education*. London; *Macmillan Book Company.*
- Federal Republic of Nigeria (2004). *National Policy on education*. Lagos; *NERD Press.*
- Friedman, M. (1957). *A Theory of the Consumption Function*. (Princeton, New Jersey). *Princeton University*
Press.
- Nwagu N. A. (2010) *Financing education in Nigeria; Issues and Innovations* *Benin City; University of Benin*
Press.
- Stan A. (2010) *Fundamentals, Innovations and Issues in Education*. (Enugu) *Snaup Press.*
- Harrison, A. Inessa, L and Mcmillan, M (2012), *Global Capital Flows and Financial Constraints' World Bank*
working paper No 2782, 2012.
- Ikpeze, N. (2010), *New Industrial Policies and Perspectives for manufacturing in Nigeria* in Itans, H. bass et al
(eds), *African Development Perspective year book Vol.11 itamburg: Lit Verlag.*
- Levine, R. (2012), *Financial Development and Economic Growth, views and Agenda. Journal of Economic*
Literature, Vol. 35, pp.688-726.
- Mckinnon, R.I (2010) *The order of Economic Liberalization* Baltimore, M.D., *John Hopkins University Press,*
1991.
- Olubiyo, S.O (2011), *An overview of the Nigeria Financial Market before and during the Deregulation of the*
Economy 1995-1993.
- Owoye . O and O. A. Onafowora, (2010). *M2 Targeting, Money Demand and Real GDP Growth in Nigeria: Do*
Rules Apply?, Journal of Business and Public Affairs, 1(2).
- Pagano, M. (2010) *Financial Market and Growth. An Overview, European Economic Review, 37:613-22.*
- Rand Corporation (2011), *Report on Science and technology in Developing Countries, Prepared for the World*
Bank, World Bank 2011.

Table 1: Nigeria's GDP growth rate and government revenue structure

Year	GDP Growth Rate	Oil Rev. as % of Total Government Rev.	Non Oil Rev. as% Total Government Rev.
1970	-	25.91	72.69
1971	14.24	43.64	56.36
1972	3.37	54.39	45.61
1973	5.39	59.93	40.07
1974	11.16	82.07	17.93
1975	-5.23	77.46	22.54
1976	9.04	79.30	20.70
1977	6.02	47.14	52.86
1978	-5.76	61.81	38.19
1979	6.76	81.38	18.62
1980	4.20	81.09	18.91
1981	-13.13	64.44	35.56
1982	-0.23	68.35	31.65
1983	-5.29	69.02	30.98
1984	-4.82	73.48	26.52
1985	9.70	72.58	27.42
1986	2.51	64.37	35.63
1987	-0.70	74.97	25.03
1988	9.90	71.86	28.14
1989	7.20	72.64	27.36
1990	8.20	73.28	26.72
1991	4.76	81.85	18.15
1992	2.92	86.15	13.85
1993	2.20	84.09	15.91
1994	0.099	79.34	20.66
1995	2.50	70.56	29.44
1996	4.3	78.07	21.93
1997	2.7	70.51	29.49
1998	1.88	80.35	34.51
1999	1.10	76.32	23.68
2000	4.20	83.50	16.50
2001	3.099	76.52	23.49
2002	1.55	71.08	28.93
2003	10.69	80.55	19.45
2004	5.99	85.57	14.43
2005	6.90	85.85	14.15
2006	6.86	88.64	11.47
2007	6.60	77.79	21.92
2008	3.099	76.52	23.49
2009	1.55	71.08	28.93
2010	10.69	80.55	19.45
2011	5.99	85.57	14.43
2012	12.61	80.55	16.45
2013	11.99	85.57	12.43

Source: CBN Statistical bulletin, 2010

Table 2: International spot price of crude oil (us \$ per barrel)

Year	Price
1970	2.10
1971	2.65
1972	2.80
1973	3.10
1974	12.60
1975	11.80
1976	12.84
1977	12.70
1978	13.55
1979	33.4
1980	38.8
1981	37.1
1982	35.6
1983	30.0
1984	29.2
1985	28.2
1986	14.2
1987	18.5
1988	15.1
1989	18.6
1990	24.0
1991	20.5
1992	20.0
1993	16.2
1994	16.0
1995	17.4
1996	21.6
1997	19.5
1998	12.8
1999	71.8
2000	26.1
2001	24.5
2002	25.4
2003	29.1
2004	38.7
2005	57.6
2006	66.5
2007	91.99
2008	94.26
2009	98.15
2010	75.30
2011	98.15
2012	75.30
2013	76.15

Source: CBN Statistical Bulletin 2013

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:
<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

