

**EDUCATION ALLOCATION, UNEMPLOYMENT AND ECONOMY GROWTH IN  
NIGERIA: 1970 – 2004**

**BY**

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**ABSTRACT**

This paper examined education expenditure trend, higher education student enrolment and linkage with unemployment and economic growth in Nigeria. Data for the study came from several issues of Central Bank of Nigeria annual reports and statement of account, Federal Ministry of Education and National University Commission (N.U.C). The results show that Government funding is unstable and unpredictable, capital and recurrent funding since 1970 are only a very small fraction of the nation's budget, total enrolment contrasts sharply with level of employment because government could not limit enrolment to a level which fund made available could adequately cater for and the proportion of GDP that goes to education is still low.

**Keywords:** Education expenditure, Unemployment, Gross Domestic Product and Nigeria

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## **INTRODUCTION**

Education has evolved in Nigeria even prior to amalgamation of the Northern and Southern protectorate in 1914. The most active period of the development however began from 1950 when the constituent part of the country (Northern, Eastern and Western region) became self-governing (Sambo, 2005). Following division of Nigeria into Northern, Eastern and Western regions when Richard's constitution came to effect in 1947, Nigerians became the sole policy makers for the educational system. The three geo-political regions had ministry of education under the leadership of education ministers of education who were mainly responsible for educational policies in each region. Director of education in each region handled the implementation of the policies. At the national level, the director general of education was coordinated by the regional educational systems. In 1955, the Joint Consultative Committee on education (JCC) was established as a major organizational directly involved in educational activities in the country.

It is obvious from Nigerian industry of education that the period (1950 – 1975) brought western education to limelight, increased access of Nigerian to formal education through efforts of the regional governments and voluntary agencies. The Nigerian educational statistics had it that in 1947, the number of pupils in primary school was 626, 000 while in 1960, it rose to 2912619. In the same vein, the number of post-primary schools in 1955 was 161 but 912 in 1960 with the population rising from 9908 in 1947 to 140, 401 in 1960 (Imahe, 2001). The two main reasons adduced to the increases were the government continued grant-in-aids to voluntary agencies and direct establishment of government and local government schools, community post-primary schools and private post-primary schools.

At the above formative years, one major problem of education was that it was colonial in nature in that it was not tailored to the developmental needs of the country. Even in the University College at Ibadan, there were not faculty of law, engineering and economics as at 1963. This instance led to the Ashby Commissions of the post school certificate and higher education which recommended that technical streams should be created in many Nigeria post primary institutions from where students could acquire technical skills up to the level of city and guilds certificate of London. On the other hand, commercial education, which was higher than those available at the commercial school, should be left to the University institutions. The Ashby report emphasized the significance of University programmes diversification in the University College of Ibadan and in any other University to be founded later in the country.

Between 1960 and 1970, University of Nigeria Nsukka, University of Ile Ife, Ahmadu Bello University Zaria and University of Benin, Benin City were established. These solve the problem of lack of sufficient opportunities for higher education for qualified Nigerians. By the end of 1972/73 academic year, the student population had more than doubled the Ashby Commissions projection for 1980. The growth of Polytechnics and Colleges of Education was more phenomenal. Now each state has at least one NCE or University. This increase, as good as it is, has caused several adjustment in the structure of education and government allocation to Education.

Until 1984, the structure of Nigeria education system was 6 years of primary schools, 5 – 7 years of post primary schools (Secondary, Teacher Training College and sixth form) and 4 – 6 yrs of tertiary education (College of education, polytechnics, College of Technology and University education). From 1985, the structure that emanated can be classified thus, pre-primary or kindergarten education (2 – 3 yrs), for the children of ages 3 – 5 years the primary school which is of 6 years period for children of ages 6 – 11 yrs, the post

primary education which is of 6 years duration but divided into two halves (3 years of Junior Secondary School and 3 years of Senior Secondary School) and the 4 – 6 of tertiary education level.

One of the major studies in Nigerian education policy thrust was the public takeover of grant-in-aids schools in states and launching of Universal Primary Education (UPE) in 1976. The programme was not sustained due to frequent change in socio-economic and political conditions in the nation. However, the recent civilian government is trying to revive the policy of universal education of 1976, under the Universal Basic Education (UBE) scheme. Like other national policies on education, UBE has resulted to increased enrolment but the commitment of government could not sustain the policy drive because of the reintroduction of school fees.

#### **STATEMENT OF THE PROBLEM**

The Federal Ministry of Education (2003) agreed that 1978 – 1999 period was an ill period for Nigeria education system because of instability and financial inadequacies due largely to general economic downturn of the 1980s. The crisis led to stoppage in the expansion of primary school regular occurrence of unpaid teachers' salaries, the degeneration of educational facilities and infrastructure at all levels and the attendant common place strikes across all tiers of Nigeria education system.

According to CBN (2000), poor financial investment has been the bane of Nigerian education system to the extent to which the budgeting allocation has been very low compared to others. Furthermore, the federal government allocation to education has declined steadily since 1999 and is much lower than the average in the last five years of military rule. This is particularly important in view of huge increase in number of intake at all levels of education – primary, secondary and tertiary.

During the oil crisis in the 80s, the administration and funding of the UPE scheme was decentralized. The rich states managed to maintain it while it collapsed in the poor states. At college and University levels, the changes included the termination of the student – teachers’ bursary awards and subsidized feeding for students in higher education institutions.

A cost-saving mechanism adopted in higher education was that of establishing state-owned Universities that were financed in part from tuition fees. In 1996, the FGN/ODA Nigeria Community Education Programme was introduced in Abia, Bauchi and Akwa Ibom to meet the nomadic communities in the northern part of the country. The aims of these initiatives are to increase equality of access for women and girls in targeted communities. Other initiatives are in the restructuring of education funding arrangements. (Imahe, 2001, Hinchliffe, 2002 and Fashina, 2005).

In 1994, the funding formula was revised by the government so that the states would share 50% equally, educationally disadvantaged states 25%, pupil enrolment 25% and population of the states 10%. In 1999, the present government scrapped the National Primary Education Fund (NPEF) and reconstituted it under another name (The National primary Education Commission). This action was taken in recognition of the states and local governments’ constitutional responsibility for financing and managing primary education.

Alternative source of funding education explored by government is the Education Tax Fund (ETF) established in 1995. ETF ensured that companies with more than 100 employees contribute 2% of their pre-tax earnings to the fund. Primary education receives 40% of this fund. Secondary education receives 10% and higher education 50%, Primary education has in the past also receives from Petroleum Trust Fund (PTF) for capital expenditure and provision of instructional materials. In higher institutions, gifts, endowment funds, consultancy services, farms, satellite campuses, pre-degrees etc are other alternative funding sources (Moja, 2000).

Despite all the alternatives, the infrastructure and facilities remain inadequate for coping with a system that is growing at a very rapid pace. The annual population growth rate was 3.3%. Due to poor financing, the quality of education offered is affected by poor attendance and inadequate preparation by teachers at all levels. The morale of teachers is low due to basic condition of service and low salaries. Furthermore, physical facilities need to be upgraded and resources such as libraries, laboratories, modern communication and Information technology equipment have to be provided. The quest for meeting these basic education needs has been the cause of unending crisis between government, and trade unions such as Nigeria Union of Teachers (N.U.T), Academic Staff Union of University (A.S.U.U), Non Academic Staff Union (N.A.S.U), etc.(Nwagwu, 1997).

The effect of the financial crisis on students, apart from fear of increase in tuition fee or its introduction in federal university is that they are mostly ill equipped for self-employment and there exists limited jobs to absorb them in the nation. Hence they readily become addition to the nation's unemployment figure.

Evident from the above synthesis is that the funding mechanisms for education in Nigeria need be developed for the country to become a serious player in the new global economic, social and political order. To achieve this there is a need for a clear-cut knowledge of existing expenditure trend, student enrolment and linkage with unemployment and economic growth. This is the aim of this study.

## **MATERIALS AND METHODS**

This study centres on budget allocation to education in Nigeria. Nigeria as a national geographical sovereignty is situated on the western coast of Africa and lies between latitude 40 and 140 North and between longitudes 30 and 150 East. The total surface area of the country spans over 923764 km<sup>2</sup> with Cameroon to the East, Niger and Chad to the North, Benin to the South along the Gulf of Guinea. The administration of the country is divided

into three tiers of governments (Federal, State and Local) but the democratic governance is divided into 6 geo-political zones (Northeast, Northwest, Southeast, Southwest and South-south). These zones consist of 36 states and 774 local government areas with a population of about 89 million people as at 1991 census figures. As at 2003, the estimated population was 125 million. The literacy level is still about 55%. Data for the study came from several issues of Central Bank of Nigeria annual reports and statement of account, Federal Ministry of Education and National University Commission (N.U.C). The data include budget allocation and breakdown, Gross Domestic Product (GDP), level of unemployment, industrial relation statistics etc. The data were analysed using graphs and bar charts

## **RESULTS OF DISCUSSION**

### **EDUCATION EXPENDITURE**

One of the approaches the government adopts in financing education in Nigeria is the annual budgetary allocation to the sector that are distributed as subvention or grants to the different levels of education. The grants or subventions are made through respective Education Ministry of the levels of government by the coordinating agency of education such as the National University Commission (NUC).

Chart 1 shows that education allocation as a percentage of total budgets ranged from 3.3% in 1999 to 9.88% in 1986. a close look at the distribution shows that the pattern of government budgetary allocation to education as a percentage of total budget was not consistent. Instead of maintaining an increasing proportion of the yearly budget, it has been largely fluctuating since introduction of SAP in 1986. Regardless of incessant strikes and negotiation to stimulate governments to increase the proportion, the proportion has been below 8% apart from 1994 and 2002, which were slightly above 9%.

A breakdown of the education allocation to capital and recurrent expenditure is shown in Chart 2. Since the oil crisis in the eighties, the proportion of capital budget allocated to

education has been consistently lower than the proportion of recurrent expenditure. Over the years, the government capital expenditure allocated to education as a percentage of total capital budget ranged from as low as 1.71 in 1999 and not up to 9% in all cases. Like total budget, the proportion was also not consistent. This has retarded progress in building new facilities. Moja (2000) showed that building of classroom has not kept up with the increased in enrolments in all levels of education in Nigeria. Worst affected are primary schools where classes are offered in the open-air societies leading to class cancellations and lack of quality instructions. In several secondary schools, as many as four classes, are accommodated in one classroom. These are classrooms that are already overcrowded and in poor state of repair (Moja, 2000). In tertiary institutions the picture is not different. It is a common phenomenon for students to sit on bare floor or hang by the window side because lecture rooms cannot accommodate them.

In addition, laboratories and equipment are grossly inadequate. The attendant problems in terms of quality of education usually tell on the competence and effectiveness of the products.

### **MANDAYS LOSSES DUE TO STRIKE**

The problem of education funding has been over the years a subject of great concern to all stakeholders in the sector. The magnitude of the problem has consistently led to strikes by NUT, ASUU, NASU and other bodies coordinating the grievances of the workers. The cornerstone of the struggle is to make the Nigerian state to be responsive to the problems (Sule Kano, 2005). As shown in Chart 3, the strikes have however caused the nation serious man-day loss. It ranged from 27072 in 1972 to about 234 million in 1994. Apart from 1995 when the loss dropped down to about 2 million, it has been more than 100 million man-days since 1996.



## **UNEMPLOYMENT SITUATION**

Despite the poor funding problems, enrolment at all levels of education has been on the increase (Moja, 2000). Hence the gap between registered unemployment and vacancies declared has been consistently high both for lower grade workers and the professionals and executives (Chart 4 and 5). The peak was recorded for lower grade workers in 1981. Apart from 1980 and 1981, the vacancies declared for lower grade workers was consistently lower than 20,000 while unemployment was largely greater than 100,000.

The situation with professionals and executives was not as worse as lower grade workers. Up to 1991, unemployed professionals and executives was not more than 20,000. A sharp increase was recorded in 1993 when the figure rose to 108,153 largely because of mass retrenchment.

Since then, unemployed professionals and executives have been greater than 20,000 every year. Nevertheless vacancies declared was largely below 10,000. For both low grade and professional workers, more than 50% of unemployed citizens had no vacancy for which they could be considered every year and the inflation rate coupled with lack of adequate fund to start business hinder the growth of self employment as an option.

## **HIGHER EDUCATION VERSUS UNEMPLOYMENT**

It has been discovered that increase in total enrolment contrast sharply with decline in funding of education (Sambo, 2005). This has led to training of many school leavers without any vacancy for which they can be employed (Chart 6). Sambo (2005) discovered that Nigeria need a total of ₦1811459 per student for quality education. If this recommendation is followed, enrolment need be reduced by almost 80% in which case, the labour market would be able to absorb a reasonable proportion of the school leavers. For a sane society, this

recommendation is too sweeping to be implemented, as it would leave majority of the citizen either as stark illiterates or functional illiterates. Government should, instead, get around this problem by increasing education allocation and level of employment.

## **MECHANISM FOR TRANSLATING EDUCATION ALLOCATION TO ECONOMIC GROWTH**

If the education allocations are increased to meet all the basic needs such as standard libraries, laboratories and workshop facilities and the institutions are made to have adequate enrolment base that is open to all Nigerian irrespective of ethnic derivation, social status, religion and political aspiration, teachers shall be highly motivated, conscientious and efficient. These will produce able manpower capable of uplifting the social, scientific, technological and cultural development as well as development of the talents of individual citizens. The knowledge produced for industries, agriculture, scientific and technological development will translate to increase in GDP. As shown in Chart 7, the proportion of GDP that goes to education is still low. Like yam, the size of your yam set planted will determine the size of yam tuber harvested. In like manner if government could increase education allocation to 26% as recommended during ASUU-FGN negotiation of 1992 and 2001 tremendous growth in economy will result.

## **CONCLUSION**

This study examines level of budget allocation to education and student enrolment in Nigeria as it affects the unemployment situation and gross domestic product in the country. It was observed that

- (i) Government funding is unstable and unpredictable
- (ii) Capital and recurrent funding since 1970 were only a very small fraction of the nation's budget.

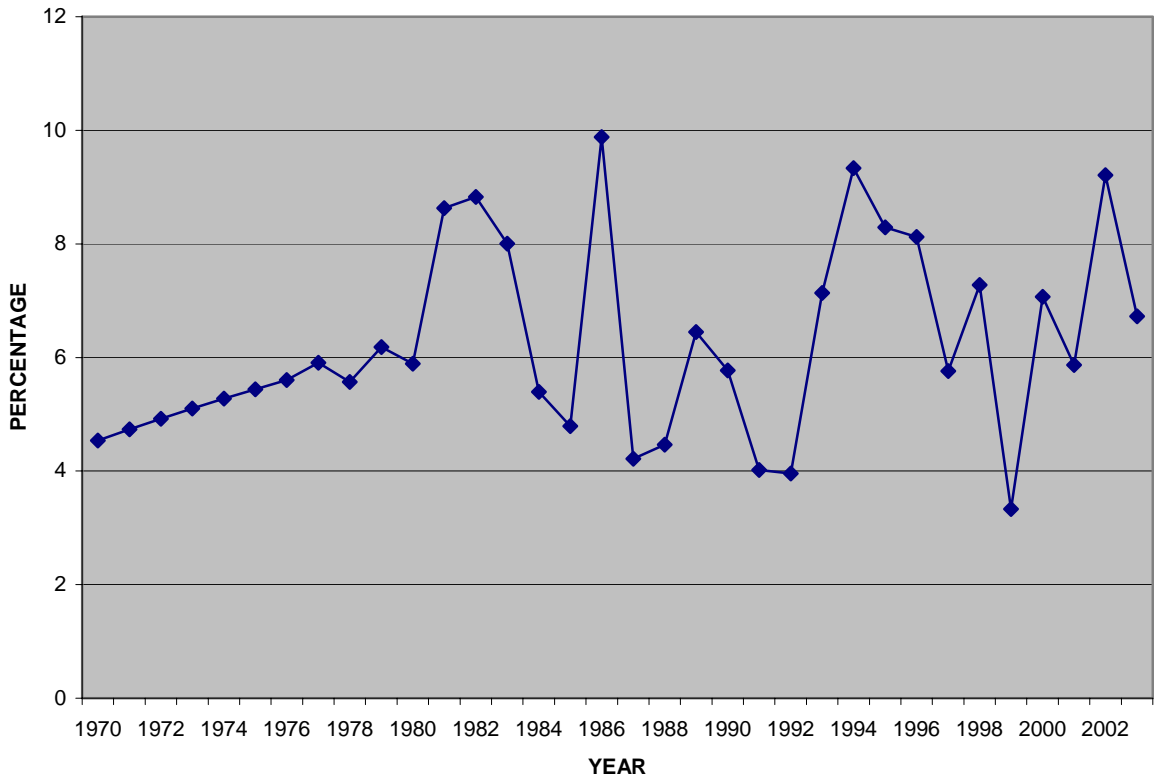
- (iii) Total enrolment contrast sharply with level of employment because government could not limit enrolment to a level which fund made available could adequately cater for and
- (iv) The proportion of GDP that goes to education is still low

In the light of the findings the following recommendations are suggested (i) diversification of funding by governments should be based on a scientific reckoning of actual needs of the education sector. The use of private sector funding, introduction of sundry fees, increase in the cost of hostel accommodation being advocated by the federal government may not be welcome in Nigeria given high level of corruption. They can be accepted if free and fair democratization and economic independence is established in all ramifications in the country.

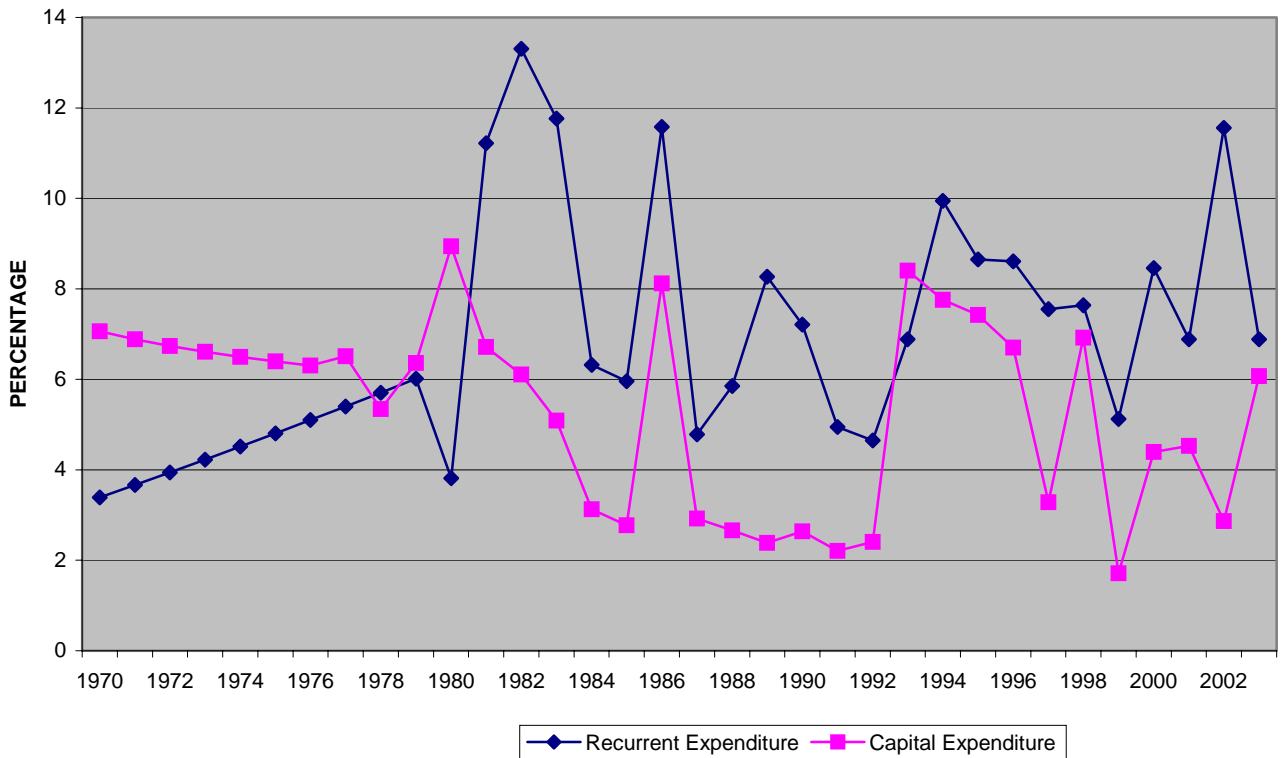
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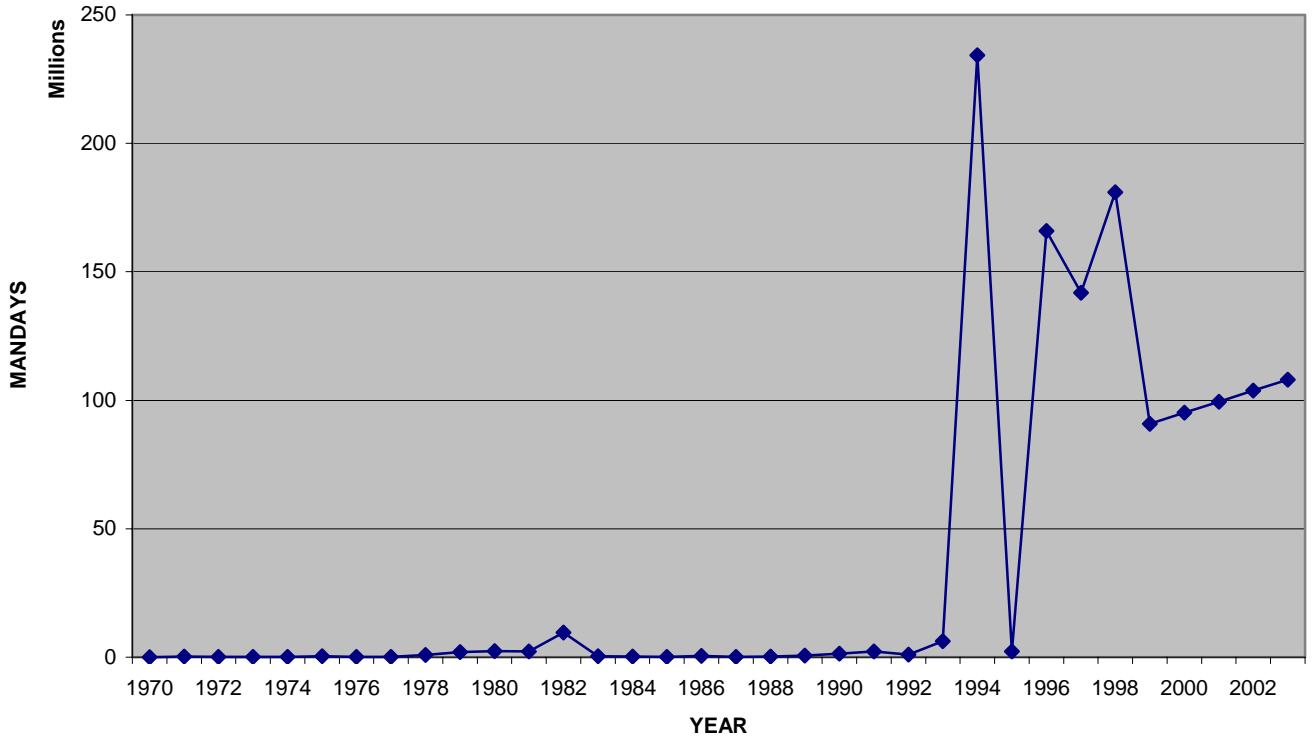
**CHART 1: PROPORTION OF TOTAL EXPENDITURE ALLOCATED TO EDUCATION**



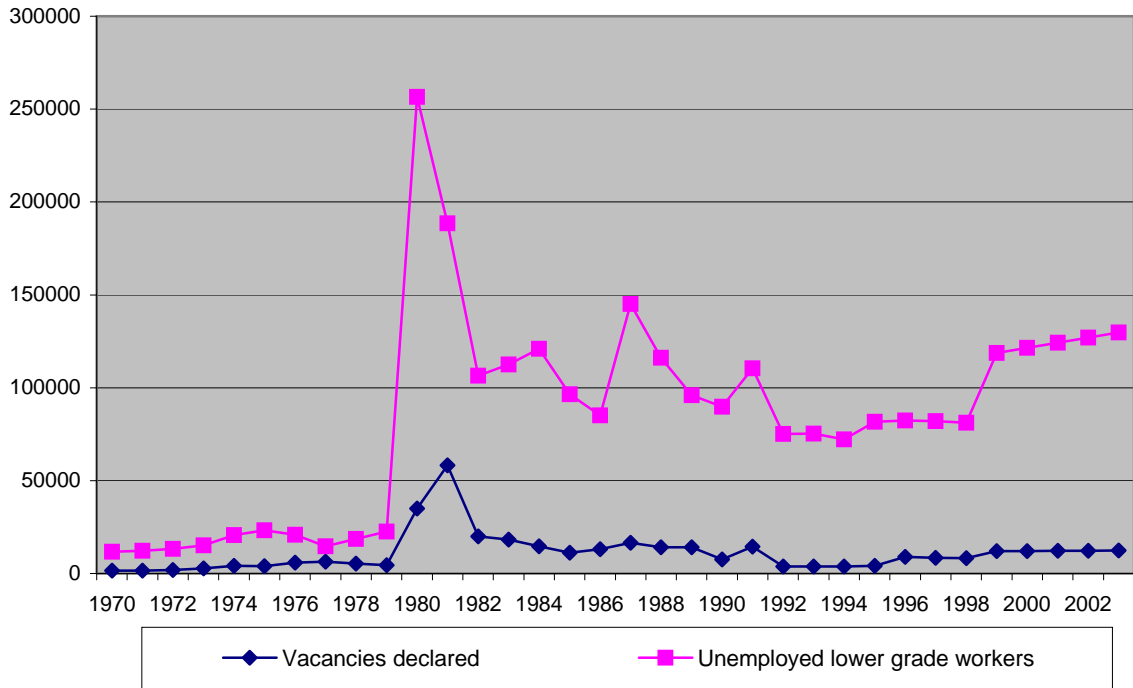
**CHART 2: PROPORTION OF TOTAL BUDGET ALLOCATED TO EDUCATION**



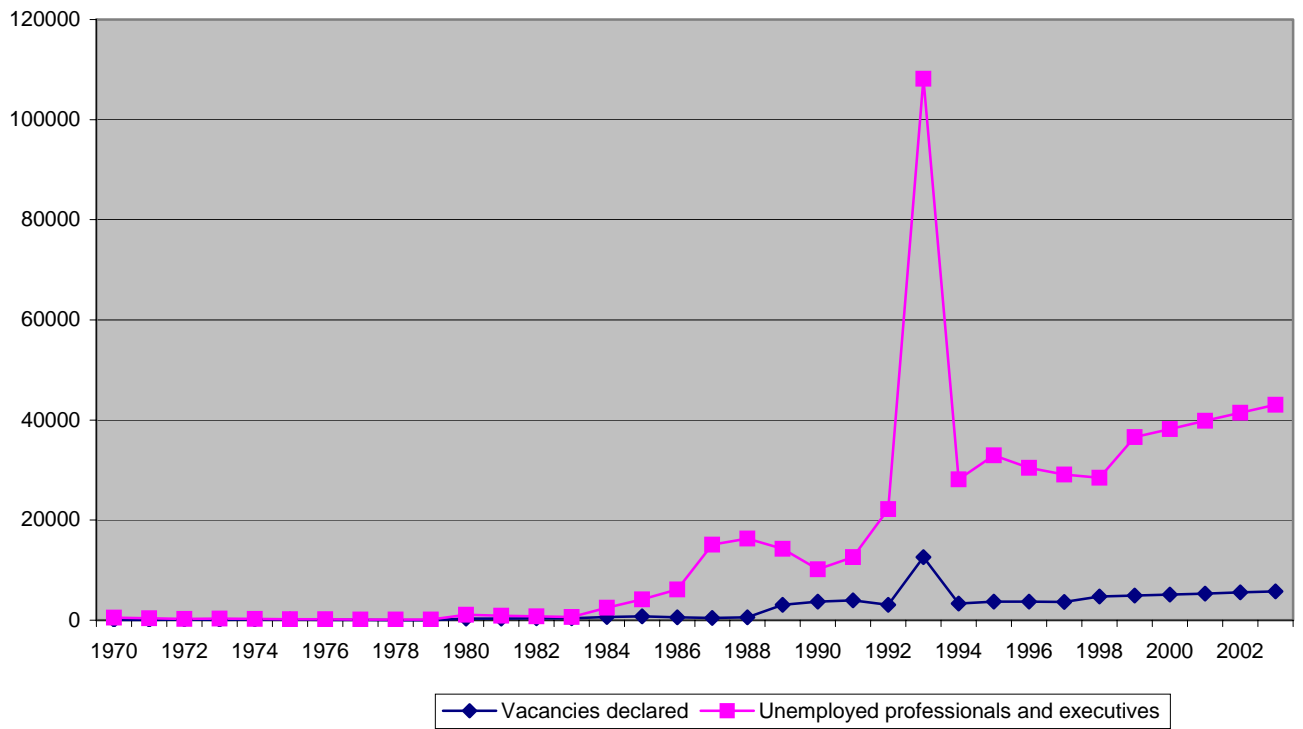
**CHART 3: MANDAYS LOST DUE TO STRIKES**



**CHART 4: REGISTERED UNEMPLOYMENT AND VACANCIES DECLARED FOR LOWER GRADE WORKERS**



**CHART 5: REGISTERED UNEMPLOYMENT AND VACANCIES DECLARED FOR PROFESSIONALS AND EXECUTIVES**



**CHART 6: HIGHER EDUCATION AND UNEMPLOYMENT LEVEL IN NIGERIA**

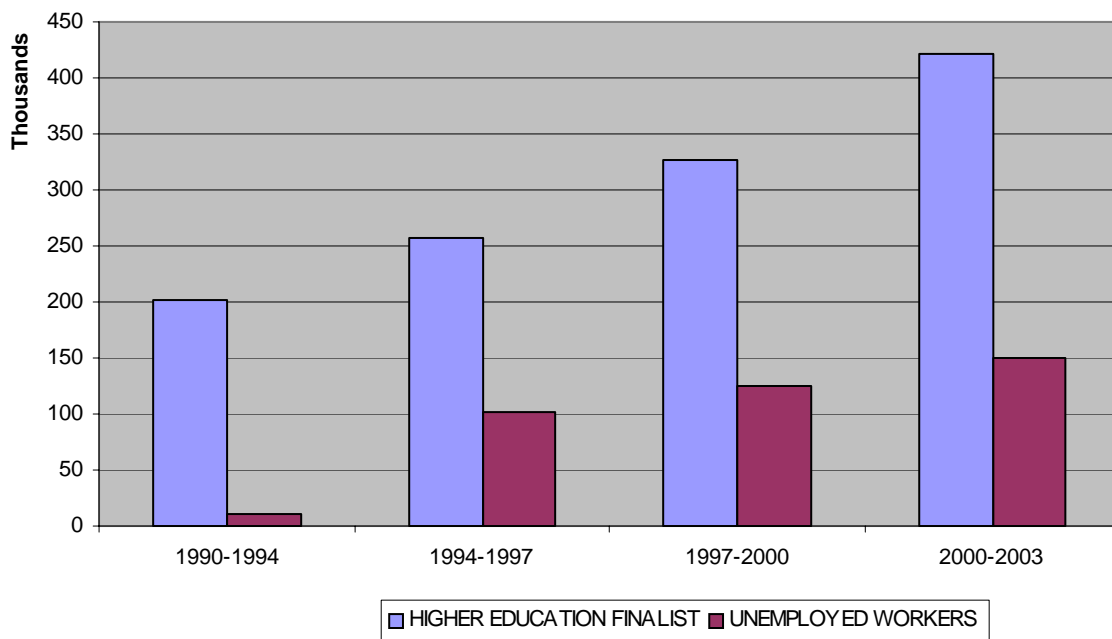


CHART 7: EDUCATION ALLOCATION AND GROSS DOMESTIC PRODUCT

