

## **Impact of Poor Educational Funding on Economic Development in Nigeria**

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### **Abstract**

This paper examined the impact of poor educational funding on economic development in Nigeria. Using theoretical approach, the study specifically examined the levels of education in Nigeria, funding of education in Nigeria, and Nigeria's experience of the impact of education on economic development. Data was obtained from published scholarly reviewed articles. It was revealed that budgetary allocations for education, in Nigeria, as a fraction peaked in 2015 at 11%, which suggests that the required 26% indicated by UNESCO was never met. The observed low funding has necessitated drastic declined in the country's Human Capital Development Index; increase in the prevalence of impoverishment, and low productivity of the agricultural sector. It was, therefore, recommended among others that, as is customary in developed nations, alumni, endowments, and contributions from large corporations should take on a more important role in education financing in Nigeria; and that through bilateral agreements with external organizations like the World Bank and United Nations Children Education Fund (UNICEF), among others, the Nigerian government should also mobilize outside resources.

**Keywords:** Education, Education Funding, Economic Development, Expenditure of Education, Allocation.

**Word Count:** 170

### **Introduction**

Education's importance to people cannot be overstated. As a result, making strategic expenditures on education has comparable importance as making plans to construct a country. Education is sometimes defined as society's conscious attempts to realize desirable goals that are in line with people's requirements as well as those of the society where teaching and learning activities are being carried out (Afolayan, 2014). Education, according to Mark (2020), is the practice of asking possibility and truth while fostering and allowing time for exploration. They believe that all individuals ought to have access to education and that it is a fundamental right (Das, 2018). According to this point of view, education is indeed a right, not a luxury, and as such, nations like Nigeria must defend, respect, and fulfill these rights.

If education is to make a significant contribution to economic development, it has to get more attention. Many studies have shown a correlation between a country's economic development and the standard of education it offers its population, highlighting the critical necessity of education to a country. For instance, Adebayo, et al. (2021) contends that if a country cannot offer its population a high-quality education, it may not enjoy quick productivity expansion

and societal progress. This viewpoint is in line with that of Kayode and Irele (2019), who contend that providing a great education goes beyond helping students gain knowledge, skills, and personality. Nonetheless, it is necessary for a country to flourish successfully. A World Bank report on partnerships for educational interventions noted that education allows all citizens to engage in productive projects, which is by itself a major advantage for the population (The World Bank, 2020). This demonstrates the value of education, as lacking a decent education would remove persons from the course of progress and put them in a disadvantageous position within society.

It is impossible to ignore the importance of education in a country's progress. Yet, how the training institution is sponsored will determine how well it prepares individuals for developmental tasks. In recent years, the educational experience given to individuals has received a lot of attention. The level of education that residents have access to depends significantly on the cash that is made accessible for funding such programs, as Adediran (2015) argues. Due to the importance of information in modern society, sufficient financing must be made available to support educational initiatives and fully benefit from education. Due to the current economic downturn and global inflation, funding formal educational institutions in Nigeria has come under public scrutiny. According to Central Bank of Nigeria (2003), inadequate funding has plagued Nigeria's educational system to the point that very little financial funding has been made available.

Additionally, the federal government contribution to education has dropped significantly since 1999 and is substantially lower than average in the previous five years. This is crucial in light of the dramatic growth in enrollment at all educational levels, including elementary, secondary, and tertiary. The government operating costs for educational purposes as a portion of all capital spending values range from as minimal as 1.7 percent in 1999 and therefore not up to 9% in all cases, as noted by Adebayo, et al. (2021), the fraction of general fund for educational purposes has been markedly lower than that of the fraction of recurrent spending over the years. Budget protection for education is more important than ever. According to statistics, Nigeria's investment for the field of education has not met the 26% of the budget that is suggested by UNESCO for poor nations during the previous 10 years (Okwuosa and Modibbo, 2021). In addition to other tragedies that have turned Nigeria's once-proud education industry into a total laughing joke in terms of worldwide education assessment criteria, this has resulted to schoolteacher strikes at all educational institutions. Yet, progress in constructing the infrastructure required for the country's economic growth has been slowed down as a result of the percentage not being compatible with the overall budget. As a result, the influence of inadequate educational investment on Nigeria's economic development was investigated in this article.

### **Levels of Education in Nigeria**

In Nigeria, education is a technique used to impact development of a country. The Nigerian school system has seen active engagement from people, communities, non-governmental organizations, and the intervention of the state and federal governments in an effort to assist the growth of the country. The Nigerian federal government defined the attitude and goals that

support the education funding efforts in concrete words through the National Policy on Education in its drive to attain the key educational objectives (FGN, 2014). There are now five different educational levels in Nigeria, and they are as follows (FGN, 2014):

- ❖ Early childhood education
- ❖ Primary education
- ❖ Secondary education
- ❖ Mass literacy, adult and non-formal education
- ❖ Tertiary education

Pre-primary education is another name for early childhood education. Children receive this kind of instruction from educational establishments prior to starting elementary school. A child's nursery or kindergarten is included in the preschool program (Oralu & Oladele, 2015). From the ages of six and eleven, children get elementary school (FGN, 2014). The basic education is thought of as the base upon which all other levels of education are constructed. According to Rowell and Money (2018), the elementary school level determines whether the overall educational system succeeds or fails. The importance of elementary education led to the creation of Universal Basic Education (UBE), which was designed to help students succeed in school, particularly during their developmental years (Adebayo, et al., 2021).

Children receive a secondary education after successfully completing their elementary schooling. The main goals of secondary level are to better prepare students for further education and to get them ready for a productive life in society (FGN, 2014). All forms of functional education given to young people outside the traditional school system are encouraged by the mass literacy, adult, and non-formal education movement. Vocational training and functional literacy are also parts of this functional education. The following are the main goals of this educational institution (FGN, 2014):

- ❖ The provision of functional literacy
- ❖ Providing education for young adults who have not been fortunate to undergo formal education
- ❖ Remedial education is made available for people who did not finish their elementary or secondary school. They include underrepresented categories including the handicapped and the female gender.

After successfully completing their secondary school, people can pursue tertiary education, which is a form of instruction offered by universities. Universities offer correspondence courses for tertiary education (Duze, 2011). According to Duze (2011), the main objectives of higher education are to prepare students to become competent contributors to the growth of a country. In order to live and operate well in society, people need high-level training that instills the right ideals in them.

### **Funding of Education in Nigeria**

A costly social program, delivering the correct level of education requires sufficient funding from all parties, as well as the federal government. In order for instructors to give excellent instruction, it is necessary to recruit, hire, and onboard them. It is also expensive to build, equip, and sustain the facilities required to facilitate the educational process, such as classrooms, computer labs, and workshop spaces (Duze, 2011; Ibezimako, 2020). The cost of education rises as students, professors, and educational establishments continually replace breakable

equipment. Throughout time, the Nigerian government has successfully persuaded the populace that only the government can guarantee that all residents have access to free education at all levels (Nwafor, et al., 2015). The government has found it challenging to develop appropriate rules that might inspire Nigerian citizens to fund education. Nonetheless, the government is currently taking steps to urge stakeholders to contribute to the finance of education after realizing this vulnerable situation. Private entities, rural communities, non-governmental organizations, and business entities are examples of such participants.

According to Rowell and Money (2018), initiatives that aim to change people's perspectives on the importance of funding education in Nigeria must be launched. The government has established appropriate organizations like the Education Trust Fund (ETF) and Industrial Training Fund (ITF) in an effort to properly address the educational financing problem in Nigeria (Nwafor, 2015). Nigeria's educational system is supported by a number of entities, including donations from the government and foreign aid. This relates to Amoo's (2019) claim that federal grants are the primary means of funding for education because the government controls public schools. As a result, they are in charge of supplying a large chunk of the money required for education at all levels. Corporate organizations give non-profit organizations, affluent countries, and non-profit organizations with financial resources, human capital, computer systems, and facilities as external aid to help pay education in Nigeria (Onuoha, 2013). Also, students who get the education given by institutions through school fees serve as a source of funding for the institutions (Faboyede, et al., 2017). According to this perspective, reasonable prices should be paid for the delivery of high-quality education in accordance with a variety of educational programs. According to Faboyede, et al. (2017), schools are starting to get creative with regard to raising money to support education by starting ventures like advisory services, rental services, and the opening of bookshops. There are several ways to pay for school, including contributions, loans, work-study opportunities, and taxes (Onuoha, 2013).

In a study released by the National Commission for Mass Literacy, Adult, and Non-Formal Education (NMEC), the financing for education is split among the primary, secondary, and tertiary educational levels in proportions of 30%, 30%, and 40% (NMEC, 2008). Government spending, both direct and indirect, is included in this public financing. For illustration, although providing bursaries, loans, or grants is an indirect public spending that helps the financing of educational institutions in Nigeria, teacher wages are a direct public spending (Faboyede, et al., 2017). According to Onuoha (2013), federal taxes and income from the sale of petroleum exports serve as the Nigerian government's primary source of funding for education. With the discovery of crude oil, which in and of itself brought about a huge transformation in the Nigerian economy, the Nigerian government has had the opportunity to make financial contributions to the education sector. The country has amassed enormous wealth thanks to the selling of its oil.

As a result, the government was able to allocate these revenues for spending in several fields, including education. A number of educational institutions were started as a result of Nigeria's education strategy, which ultimately increased the number of students enrolled. For instance, between 1976 and 1990, the number of students enrolled in higher institutions expanded significantly by over 1000% (Adewole, 2006). Due to its direct impact on the growth of the

economy, education must by default draw substantial investment from the Nigerian government. According to Adediran (2015), investing in education should be seen as a long-term financial decision that will benefit the nation's economy in the long run. This viewpoint is consistent with that of The World Bank, which contends that a nation's economic as well as social growth would benefit from an extensive academic system (The World Bank, 2020). Despite the well-known benefits that education has on a country's economy, Nigeria has struggled to appropriately support the field. According to UNESCO, a country's yearly spending on education ought to represent approximately 26% of its total budget. Under 11% of Nigeria's financial allotment goes toward the education system at the moment. Nigeria's national budget from 2015 to 2022 is depicted in the table below as a trend.

**Table 1: National & Education Budget Allocation from 2015 to 2022. Source Federal Ministry of Education (FME), 2022**

| Year | National (N)    | Education (N)   | % Allocation |
|------|-----------------|-----------------|--------------|
| 2015 | 4.49 trillion   | 483.183 billion | 11%          |
| 2016 | 6.077 trillion  | 480.278 billion | 8%           |
| 2017 | 7.441 trillion  | 455.770 billion | 6 %          |
| 2018 | 9.120 trillion  | 651.226 billion | 7%           |
| 2019 | 8.92 trillion   | 620 billion     | 7.05%        |
| 2020 | 10.33 trillion  | 671.07billion,  | 6.7%         |
| 2021 | 13. 58 trillion | 771.5 billion   | 5.7%         |
| 2022 | 17.013 trillion | 923.079 billion | 5.4%         |

The yearly shares of public spending allocated to education are shown in Table 1 above. Budgetary allocations for education as a fraction peaked in 2015 at 11%. The required 26% indicated by UNESCO is substantially below all of the budgetary commitments to education. Yet, it is desirable to allocate a significant amount of the yearly budgetary allocations to education due to the high profitability of investing in education and the beneficial effects education has on the economy.

### **The Impact of Education on Economic Development: Nigeria's Experience**

It is impossible to overstate the importance of education in the growth of a country. In relation to development and growth in every nation on the planet, the notions of education and economics are inextricably linked. One of the key elements of progress is education in many senses (Sofolume, 2013). Without significant expenditures on human resources or human training, no nation can create sustainable economic progress. People's knowledge about the globe and themselves are improved via education. Their quality of life is enhanced, and both the person and society gain from this in significant ways. Education increases creativity and work efficiency, encourages entrepreneurship, and advances technology. A nation that wants to experience substantial economic expansion must place a high priority on guaranteeing that a sizable portion of its populace has access to high-quality education. According to studies, variations across nations may be adequately explained by changes in the distribution of human, rather than physical assets, and that rise in government revenue and per income per capita is a function of education (Samuel and Wale-Odunaiya, 2021). The impacts of education on economic development are discussed as follows:

**Education Increases Human Capital Development:** Education has contributed to the high degree of human growth and has served as an essential instrument for Nigeria's economic growth and prosperity. The introduction of professional subjects like engineering, information and communication technology (ICT), and economics has given citizens the skills they need to solve challenges with the economy and suggest answers. The numerous educational procedures have a substantial impact that contributes to Nigeria's economic growth. Those who are familiar with how that particular segment operates often carry out the technical breakthroughs, products, and industrial operations (Sofolome, 2013). Moreover, this opens up employment prospects in a number of government and non-government industries. The economy will perform more effectively as more people get educated since only via a good and sufficient process of learning can geniuses be found to manage specific economic initiatives.

Nigeria's Human Capital Development Index, however, has declined recently. This is related to the finding by Makuta and O'Hare (2015) that short life spans and increased mortality are precursors to poor health outcomes in Nigeria and other African countries, which has prompted the necessary attention to be placed front and center on productivity improvement through better medical conditions. This is because Nigeria is known for its inadequate funding in human capital development via education (Oladeji, 2015). Education, health, and training are a few of the aspects that may assess human resources and improve efficiency. Education is one of several interrelated modules that aid in the creation of human capital and helps make individuals more efficient (Keji, 2021). Nigeria is incredibly endowed with human and material resources that are nearly impossible to quantify, yet despite this, the nation struggles with issues including a lack of trained labor, lack of employment opportunities, poverty, and a subpar healthcare system (Keji, 2021).

**Poverty Reduction:** By giving those who are less fortunate access to resources and possibilities for social mobility and inclusion, education can lower the poverty rate and balance out social and economic inequality. The establishment of trade schools and other technical education institutions, as well as the emergence of various training acquisition programs like the National Directorate for Employment (NDE) program, can vastly enhance the citizens' understanding of the best ways to invest and grow themselves, which in turn boosts the country's economy. Any nation's poverty index can only be lowered by quality education, and Nigeria is making great strides in that direction. A high-quality education has the twin effects of enhancing income creation and reducing wealth disparity. The poor in particular will have better exposure to possibilities to achieve better incomes and close the income disparity as more people, particularly them, pursue education (Samuel and Wale-Odunaiya, 2021).

The prevalence of impoverishment in Nigeria is rising, despite the value of education in the fight against it. This is consistent with the key findings of the 2022 Multidimensional Poverty Index study, which found that 133 million Nigerians, or 63% of the population, are multidimensionally poor. A multivariate method of measuring poverty is provided by the Multidimensional Poverty Index, which identifies deprivations in terms of health, education, living conditions, employment, and shocks. This shows that one of the causes of the reported poverty rate that exists in Nigeria is the country's weak educational system. According to Okwuosa and Modibbo (2021), for the past eight years, Nigeria's allocation for the education sector has fallen short of the 26% of the budget that the UNESCO recommends for developing nations. Schools may find it challenging to generate goods that can help the economy and reduce poverty where this is taking place.

**Education Boosts Agricultural Activities:** A country's market may be changed via education from local agricultural operations to a contemporary, straightforward method of marketing agriculture in the nation. Before the advent of education, for example, local farmers in Nigeria used simple tools like hoes, diggers, and machetes, but today, the utilization of tractors as well as other agricultural machinery has increased agricultural production and contributed to economic growth by giving employment to about 30% of the inhabitants as of 2010. Moreover, 32% of the Gross Domestic Product (GDP) in 2001 came from agriculture (Ibrahim, 2014).

Agriculture in Nigeria has recently experienced a number of difficulties that have prevented the industry from expanding significantly (Ayodele, et al., 2013). Low productivity, lack of competition, lax domestic rules, financial constraints, and education of a poor quality are some of the major issues facing the sector. A strong agricultural education can help to effectively handle these issues. According to Ibrahim (2014), Nigeria's economy would be enhanced if all of its residents' requirements for agricultural education were to be fully satisfied since this would boost their production, which is directly correlated with nation-building in the developmental stages. Each worker's or farmer's increased production results in higher investment returns, greater financial resources for management, and more tax receipts.

**Education Helps in Harnessing of Business Potentials for Economic Gains:** To maximize one's creative abilities and skills for personal satisfaction and the overall advancement of society, education is helpful. Moreover, education is a potent tool for both social and national transformation. It is an essential instrument for advancing an unified and progressive Nigeria. This in turn strengthens the economy by utilizing to the full the contributions made by persons who have gained a variety of skills in respect of small and medium-sized enterprises (SMEs) (Sofolume, 2013). Also, graduates of top business schools frequently have the chance to work with overseas companies, which helps the nation's economy. The majority of Nigerians who work for themselves in the information and technology sectors are doing really well because they have received good training in company operations.

## **Conclusion**

This paper examined the impact of poor educational funding on economic development in Nigeria. Using theoretical approach, the study specifically examined the levels of education in Nigeria, funding of education in Nigeria, and Nigeria's experience of the impact of education on economic development. It was revealed that budgetary allocations for education, in Nigeria, was relatively low, even below the fraction recommended by the UNESCO. Based on this, the researcher concludes that the observed low funding necessitated the drastic decline in the country's Human Capital Development Index; increase in the prevalence of impoverishment, and low productivity of the agricultural sector. It is imperative that strategic expenditures are made on education so as to achieve holistic development of the country.

## **Recommendations**

Based on the analysis and conclusion of the study, the following recommendations were made.

1. As is customary in developed nations, alumni, endowments, and contributions from large corporations should take on a more important role in education financing in Nigeria.
2. The fiscal allocation for the sector is currently below what the UNESCO recommends and is viewed as insufficient to satisfy the sector's demands. As a result, government spending on education should be increased from the current level of less than 10% to the suggested 26% by UNESCO. This will give sufficient funds for the upkeep of deteriorating infrastructure, the purchase of new equipment, the construction of libraries and labs, and the acquisition of pertinent materials for instruction and learning.
3. By bilateral agreements with external organizations like the World Bank and United Nations Children Education Fund (UNICEF), among others, the Nigerian government can also mobilize outside resources.
4. Moreover, through supporting in-service training and research initiatives, functional education should be used to enhance human capital. To provide the necessary capability for the nation's overall growth, institutions for human resource development should be improved.

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