Moving From Education Financing to Funding in Nigeria: What Secondary School Managers Should Know

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Abstract

In Nigeria, like most modern societies, education is recognized as an "instrument par excellence for effecting social and economic reconstruction". It is expedient that secondary schools become equipped with such facilities (school buildings, libraries, laboratories, workshops, instructional materials, computers, electronic chalkboards, even open spaces) that support national reconciliation, integration and economic recovery. This enabling paraphernalia can only be installed with expenditure of a huge financial outlay, to adequacy, otherwise attainment would remain a mirage; and had been a difficulty, *ab initio*. In 2013, authorities decided to move from the erstwhile education financing to funding and partnerships aimed to 'increase government investment in education and eliminate the deficiency in public investment between Nigeria and other Sub-Saharan and developing countries'. However, this paper identified significant deficiencies in education funding; far below the 26% (UNESCO minimum standard recommendation). Therefore, this paper advocates implementation of 'criticals': assign funding quotas to funding partners, formation of a central treasure, automated budgetary allocations, amongst others. This window requires a paradigm shift to restore financial stability that could realize national reconciliation, integration and economic recovery in Nigerian education, going forward.

Key words: **Education financing, Education funding and partnerships, Deficiencies, automated allocation, Funding quota assignment, Central treasure.**

Introduction

Nigeria like most other countries of the world is undergoing rapid social, economic and political transformations. The need for Nigeria to record fundamental changes in her medical conditions, electioneering activities, housing conditions, food security, architectural designs, engineering models, space adventures, and even scientific inventions and discoveries, has wholly dictated the direction of change in the nation's educational policy thrust and guidelines. The impetus is for the construction of general educational infrastructure like school buildings and classrooms, libraries, laboratories, workshops and other such facilities, fully equipped with modern sophistications in order to function effectively and produce the kinds of engineers, doctors, lawyers, nurses, architects, politicians and even teachers necessary for this development. Certainly, expansion in socio economic and political development requires expansion in educational hard-and software to sustain this equilibrium. This is because actualization of this vision hinges, squarely, on finance.

What is the Nature of Educational financing?

The concept 'finance' means money (fund) utilization (Wehmeier, McIntosh, Turnbull & Ashby, 2005); money or funds 'needed' (Robinson & Davidson, 2007); capital 'supplying' (Anderson, Fortson, Kleindler, & Schonthal, 2000) for the payment of business, an activity, or project bills. The idea implies 'cash-need'; cash (fund) 'not-ready' or not-available' and suggests borrowing or external sourcing (Leigha, 2015; Leigha, 2016a; Leigha, 2016b; 2017). Therefore, financing education would simply mean funds (money) needed or capital supply expected for the execution of projects and programmes in education. It prone systems into constant borrowing from external sources, leading to the Leigha (2017, p.673) tag: "fund-scarcities and fund starvations" as well as "…inevitable procrastinations, political intrigues and protracted debates"; often treated as an 'after-thought' (Blaug, 1970). This character is perennial, as evidenced below:

> between 1870 and 1876, the colonial government in Lagos made spasmodic attempts to assist some of the missions in their educational work. It earmarked the sum of f300 for the support of the missions but failed to pay the grant (apparently for lack of funds). In 1872 it earmarked f1,000, then reduced it to f300 and later to f30. This sum of f30 was distributed among three missions: The C.M.S., the Wesleyan and the Catholic missions operating in the Lagos area. In 1873 the government again voted f300 but failed to redeem its pledge (Fafunwa, 1974, p.93).

And just as this character could not realize strong socio-economic dream, current financing attempts can hardly finance education to realize national reconciliation, integration and economic recovery in Nigeria. Certainly, physical infrastructures such as buildings, libraries, laboratories, computers, instructional materials, etc, can hardly be secured to upgrade educational activities (mainly teaching and learning) and ultimately strengthen system outcomes (graduates) into productivity (Ebong, 2006; Leigha, 2015; Leigha, 2018). Below is a classic example:

Table 1: Total Budget (TB) and Total Education Budget (TEB) in Nigeria, 2010 – 2021

Year	Total Budget (Tr)	Total Education Budget (Bln)	Approx. %TEB	TEB less the 26% affirmative action
2010	4.01	249.8	6.0	-20
2011	4.24	806.3	7.00	-19
2012	4.75	400.15	8.00	-18
2013	4.99	426.03	9.00	-17
2014	4.96	493.00	10.00	-16
2015	4,50	492.03	11.00	-15
2016	6.01	480.03	8.00	-18
2017	7.44	448.01	6.00	-20
2018	8.61	605.08	7.00	-19
2019	8.92	620.05	10.00	-16
2020	10.59	691.01	7.00	-19
2021	13.08	742.05	8.00	-18

Source: Online – www.governemnt finance office.org

Data on table 1 above clearly show a character of crawling progress: financial values or deficiencies throughout the accounting period still indicate patterns of indiscipline, non-challant attitude, and inconsistency; an educational base too weak to attain education for national cohesion, integration and economic recovery. Situation with the Federating states did not show any significance, as the case with Bayelsa State testifies:

Table 2: Total Budget (TB) and Total Education Budget (TEB), Bayelsa State 2010 – 2021

Year	Total Budget (bln)	Total Educ. Budget (Bln)	Aprox. %TEB	%TEB less 26% affir.
2010	117.4	5.40	5.00	-21
2011	161.2	6.40	4.00	-22
2012	217.58	23.10	11.00	-15
2013	285.93	28.40	10.00	-16
2014	332.40	26.60	8.00	-18
2015	251.00	20.96	8.00	-18
2016	150.65	4.00	3.00	-23
2017	221.20	13.50	6.00	-20
2018	295.20	22.00	8.00	-18
2019	299.20	23.00	8.00	-18
2020	242.00	21.00	9.00	-17
2021	290.30	24.90	9.00	-17

Source: Ministry of Budget & Planning, Bayelsa state, 2021.

As clearly portrayed on table 2, it may be true that, if on-going financing efforts are sustained, Nigerian education may not yet be on the pathway to realizing national reconciliation, integration and economic recovery. Of course, the character of the country reflects directly on achievements in the federating Bayelsa state (and others as well), and requires radical actions taken to reverse this trend.

Moving to 'Funding' Technology

The term 'fund' relates to "money (already) provided by an organization for a particular purpose" (Longman Dictionary of Contemporary English, 2003, p. 655); "a sum of money on which some enterprise is founded, or on which the "expense of a project is supported; a "large store or supply (of) money available for spending" (Chambers 2007, p. 540). It refers to a "financial backing, the action of providing money for a project". The British defines fund clearer to mean "an amount of money that has been saved or has been made available for a particular purpose. Money that is available to be spent" (Oxford Advanced Learner's Dictionary (2005, p. 630). Whereas, the Americans see it as "a source of supply; a stock; available money; ready cash" (the American Dictionary of Contemporary English language, 2000 p.721).

The Federal Government (2013 pp. 70 – 71) define "funding of education …" as a platform with the following character:

1. at least 26% (UNESCO minimum standard recommendation) of the federal, states and Local Government budgets …;
2. government intervention funds from sectorial bodies like UBEC fund, TETFund, Industrial Training Fund, National science and Technology Fund, Universal Service Provision Fund (USPF), and the Petroleum Technology Development Fund (PTDF), etc;
3. resources from international and local Development Partners such as World Bank, USAID, UNIDO, UNICEF, UNDP, DFID, JICA, KOICA, Nigeria/Sao Tome and Principe Joint Development Authority, NGOs, etc;
4. 1.5% minimum of contract sum/fees as social responsibility from contractors, consultants and other service providers; and
5. funding participation of ALUMINI bodies in the Secondary and Tertiary institutions in Nigeria.

Education Financing and Education Funding: Any difference?

There may not be wide variance between financing and funding, at least, not by concept but in the operational angle. The American Heritage Dictionary of the English Language (2000);

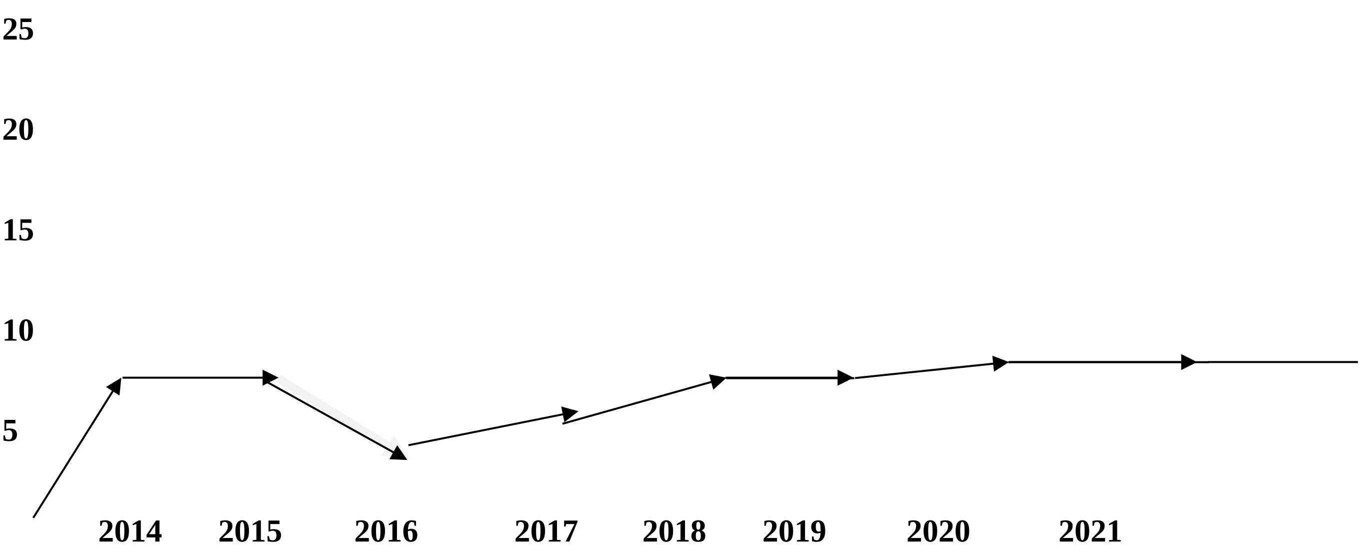
Longman Dictionary of Contemporary English (2003), and Chambers (2007) unanimously indicate that finance refers to ‘money’ available to a person, an organization or a country; the ‘money’ (i.e. funds) needed; or used to pay for something. But funds, they see as ‘supply’ or capital; the ‘money’ provided; especially a lot of money; to pay for something.

It is distinguishable that whereas financing concerns non-availability and suggests sourcing or borrowing, funding does not, and can exist without the former; in almost the same proportions. Better still, funding is the power base; the driver of financing hence, it is the former (funding) that gives meaning and orientation to the latter (financing) and requires emphasis. For one thing, a financed programme or project would remain unattainable, unrealizable or, better still, a mirage until and unless efforts are moved (channeled) towards funding. This means a funded educational system cannot experience the character shown below:

Table 3: Total Budget and Total Education Budget (TEB) Bayelsa State, 2015 – 2021

Year	Total Budget (bln)	Total Education Budget (bln)	Approx. %TEB	%TEB less the 26% recom.
2014	332.40	26.60	8.00	-18
2015	251.00	20.96	8.00	-18
2016	150.65	4.00	3.00	-23
2017	221.20	13.50	6.00	-20
2018	295.20	22.00	8.00	-18
2019	299.20	23.00	8.00	-18
2020	242.00	21.00	9.00	-17
2021	290.30	24.90	9.00	-17

Rate of investment



The education funding era in Bayelsa State is a ‘flat-line’, representing an ‘educational disability’; an ‘educational bleak’ and portends an era of educational crisis in the State.

Table 6: Changes in Total Budget and Total education Budget, Bayelsa State, 2014 – 2021

Year	TB	CH in TB	TEB	CH in TEB	%TEB	CH in %TEB
2014	332.00	47.00	27.00	-18.00	8.00	-2.00
2015	251.00	-81.00	21.00	-6.00	8.00	0.00
2016	150.00	-100.00	4.00	-17.00	3.00	-5.00
2017	221.00	71.00	14.00	10.00	6.00	3.00
2018	295.00	74.00	22.00	9.00	8.00	2.00
2019	299.00	4.00	23.00	1.00	8.00	0.00
2020	242.00	-57.00	21.00	-2.00	9.00	1.00
2021	290.00	48.00	25.00	4.00	9.00	0.00
Av.	260.00	6.00	19.63	-19.00	7.38	-1.00

Over the period, average change in TB is -12, while the average change is TEB is -38, all in the negative. The percentage change over the period is -2.

This evidence clearly indicates that deficiency (or shortfalls) in Bayelsa State education investment is yet to be eliminated, strongly suggesting that applying budgetary allocations as well as ensuring that funding partners comply with their funding quota agreement is yet to be adopted (Leigha, 2017; 2019). Funding requires that budgetary allocations serve as retained revenue for investment in the education sector rather than a sole source. It is likely that both the Bayelsa State government and its funding partners – the education organs – have not decided to make education funding a continuous flow into a common pool in order to optimize education performance in the state. Obviously, this necessity ensures that (like firms) purchase of new infrastructure, equipment and gadgets to expand educational growth and development would be a possibility, if prospects and financial allocation levels are sustained (Arnold, 1995; Stanlake & Grant, 1995; Lipsey & Crystal, 2007).

It is strongly advised that the Bayelsa State education authorities must engage the policy funding technology (by maintaining the 26% budgetary allocations mandate), reaping partnership donations, grants, assistance, etc, and channeling them towards a common pool for growth and development of the education sector. Staking to the old habits continue to generate serious discomfort and compel most schools to now operate as ‘vacuum-estates’ or ‘glorified attics” which constitutes an anti-policy attitude, seriously unacceptable to stakeholders.

As a matter of fact, secondary schools (like economic firms) could be encouraged to generate funds through the proceeds from teaching and the conduct of research. They could even raise funds (money) by attracting funds (in recommended proportions) and selling investment proceeds, like shares of ownership - equity or stocks - (Pindyck & Robinfeld, 1998; Boyes & Melvin, 1999). So, there is physical capital and financial capital. The former depends on the later. But truly, operation of a funding technology must exploit the partnership channels.

What Administrators Should Know

Funding education to the level or extent of adequacy is achievable but requires a lot of diligence, dedication and commitment on the part of the government (both federal, state and local) in the following:

1. government 26% budgetary allocation should be treated ‘only’ as a funding source;
2. install an ‘app’ that automatically deduct 26% of total budgetary allocations to a designated account – Education Central Account (ECA);
3. assign funding quotas to each funding partners, similar to the 1.5% Contractors are assigned by policy to deduct into the ECA;
4. establish a Funding pool (ECA) to which budgetary allocations, grants, assistance, and quotas from funding partners would be collected;
5. encourage schools to produce and market teaching-based by-products (assets) as Internally Generated Revenue (IGR) sources that would meet fund withdrawal positions;

6. Promote culture of accountability in the management of public funds by introducing and implementing stiffer penalties for misuse of funds.

More so, adopting funding technology to effectively manage education mostly rests on a total and complete implementation of the Partnership Funding Technology (PFT), provided in the policy. Partnership means that both government and the funding groups would associate with the aim of controlling education bills payment (Miller, 1999; Mankiw, 2009; Nwaimo, 2009). As earlier stated, the funding platform - government, funding partners, local and international agencies, NGOs, ALUMINI, and even contractors, etc, should committedly contribute their financial quotas to an ECA. The size of each partner's contribution (i.e. quota) could be determined by the level of its official commitment as well as commitment to educational development. By this arrangement, a funding quota could be assigned payable with an initial deposit, and a back-balance payment later; or, as may be specified by the schedule of understanding (Kshan, 2005).

While the purpose of this ECA is to assist the governments settle balances with education payment difficulties, withdrawal from this Fund (ECA) could be designed with some conditionalities (such that a recipient school draws funds from the POOL with payment in some form of financial assets). Educational institutions (Primary, Secondary, and Tertiary), therefore, do not 'borrow'; they 'purchase'; conversely, they do not 'repay', but 'repurchase'. When an institution makes a drawing on the fund, therefore, the fund's holdings of that institution's assets increase (Lipsey, 1989; Pennington, 1999; O'Sullivan, Sheffrin, & Perz, 2014).

More so, drawing on the fund could be broken into tranches. The reserve tranche equals the amount by which a school's quota exceeds the Fund's holdings of its assets. Purchases of assets in the reserve tranche can be made automatically. For example, if NDU's quota was N200million naira and the ECA was holding N170million naira, NDU could purchase N300 millions of foreign assets without any conditions being attached to the transaction. In addition to the reserve tranche, there could be other credit tranches, each equal to a fixed percent of the quota. Drawings on the credit tranches could be made conditional too. In considering an application for drawings in the credit tranches the ECA will take into account the school's Internally Generated Revenue (IGR) position and its likely ability to overcome the problems within a short period. The institution must reach agreement with the ECA on the suitability of the policies it proposes to put into effect. An institution is expected normally to repurchase as its balance of payments and reserve positions improves. Fund assistance would, essentially, be on short-term basis and schools would be expected to repurchase within a given period (3 to 5 years) of time. Furthermore, an institution's drawing right expires when the ECA is holding, in that school's assets, an amount equal to twice the value of its quota (Sheehan, 1973; Eze, 1989; Stanlake & Grant, 1995).

The affirmative action needed

Table 4: Projected Education growth and development for the next 5 years, Bayelsa state.

Year	Total Budget	TEB (bln)	Aprox. %TEB	%TEB less the 26% recomm.
2022	308.00	29.00	9.42	-17
2023	356.00	33.00	9.27	-17
2024	404.00	37.00	9.16	-17
2025	452.00	41.00	9.07	-17
2026	500.00	45.00	9.00	-17

Going forward, a slow but steady paradigm shift could be possible, if and only if, Total Education Budget (TEB) would increase by a given minimum annual percentage, say 3 – 5%, and the TB in the state which, although depends on the economic position of the state, increases by the same margin, amongst other variables.

Conclusion

Financing education has left educational system with experiences of scarcities and deficiencies and has failed to enhance growth and development of education sector. It is time enough for us to effectively implement funding, as the potentials are enormous, and still remains the most veritable platform for 'managing education for National Reconciliation, Integration and Economic recovery' in Nigeria, in the years ahead.

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