FINANCING EDUCATION: A CASE STUDY OF THE FEDERAL CAPITAL TERRITORY OF NIGERIA 1985-1994

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BY

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FINANCING EDUCATION: A CASE STUDY OF THE FEDERAL CAPITAL TERRITORY OF NIGERIA (1985-1994)

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CERTIFICATION

The Thesis titles "Financing Education: A case study of THE FEDERAL CAPITAL TERRITORY OF NIGERIA (1985-1994) by C.O.Ibrahim meets the regulation governing the award of the degree of Master of Science (Economics) of A.B.U., Zaria, and is approved for its contribution to knowlegde and literary presentation.

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PREFACE

This study focuses on the source of financial resources available to administer educational policies and objectives by government. Literature has shown that government contribution is highly required for educatinal development in a developing country like Nigeria because of its importance to economic growth and development. To ensure an effective educational system, financial assistance and provision of educational facilities by government are inevitable.

It is well known that financial resources are limited and unevenly distributed. Government can only assist within available resources. Government however has a minimum rsponsibilities to its citizenry ranging from the provision of social, economic, political and security services. The functions of the government therefore touch on every sector for the over all development of the nation. Hence, education,competes with other sectors in the allocation of resources. The prevailing economic crisis and declining revenue has again worsened the resource allocation to sector, and states especially educational sector and FCT which recieves over 70% of her revenue from the statutory Allocation from the Federal Government. This problem calls for the need to find alternative sources of funding education given the financial provision and performance of the education department in FCT as at present.

Previous studies on financing education had examined the resources available to education and its expenditure pattern. This thesis has gone further to argue the importance of education and establish the need for govenment and private involvment. Educational policies and their implications are examined to minimise future problems of educational financing polices. On reviewing the sources of finance and government responsibilities, this study has shown clearly the need for parents, individuals, organisations and all tiers of government involvment in educational development. In deed, the thesis touches on some rhetorical questions yet unanswered in the Nigerian cotext.

This has become necessary because the government's role in educational development can no more be met due to the dwindling, declinnig revenue coupled with rising cost and economic crisis. This study is therefore aimed at finding means to minimise such problems as regards educational financing. It is hoped that the study will evoke more scholarly interest on further researches into education financing. Consequently, a pool of knowledge will be generated to make a meaningful impact on the subject of educational financing for the entire nation.

CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND

The struggle to emerge from the subsistence level of existence of the pre-colonial period into a developed state so as to meet the demands and the needs of the society in all aspects of life has been envisaged by Nigeria and other developing nations of the world as central to their existence. This is a reflection of the changing circumstances and needs of the society brought about by the quest for development. There is a challenge to every nation to develop within the present level of technology. Thus, with technological revolution, old problems are solved while new challenges are created.

As a new world, which is ever changing is created, the need to associate, adapt and exist within the changing system demands a change in economic, social, and political development. To fit into the new state, the human resources of the nation must be developed. Within this context, the key and engine of growth is human resources development; hence "the greatest gift of nature to man is man himself and his ability to discover and utilize materials that previous generations did not appreciate" (Groves 1963 page 10) . A country that cannot develop the skills and knowledge of his people will be unable to develop.

The development of human resources is done through education. In cognisance of this, every nation tries to develop its educational system through various educational policies backed with constitutional support and financial assistance.

The development of education in Nigeria was very informal before the coming of the colonial masters. The advent of the colonial masters witnessed the introduction of formal education and its development by missionaries. During the colonial period, the rate of growth of education and its demand was very low. However, as education was linked to higher income, the awareness of education became more popular. Its demand grew but the cost of acquiring it left many behind, limiting the number of school enrolment.

However, the attainment of independence brought a new dimension to the need, provision and development of education. The main objective of education was to provide manpower. This

objective widened to emphasize attainment of high literacy as public revenue increased. The changes in the political, economic and social demand for education reflect the need for the over all development of the nation.

Perhaps, the most fortunate thing that happened to Nigeria preceding independence was the realization that freedom from colonial rule was bound to lead to a revolution of expectation on the part of the people. A new status and expectation which involved the transfer of governmental control to Nigerians emerged. Thus in preparation, the 1945 Development plan emphasised education and training to meet the aspiration of the people. The Ashby Commission was set up to look into the educational needs in Nigeria. The report emphasized that manpower development was indispensable. The emphasis required government investment in the sector to meet the demand of the nation; hence, it became a social need and non-profit oriented business.

Finance and control of education was administered by the colonial masters till 1960. The achievement of independence saw rapid expansion in primary, secondary and tertiary education in Nigeria. The rate of development was limited by inadequate finance on the part of the government and unwillingness of the public to contribute generously in forms of fees, levies and other forms of funds to finance education.

However, the oil boom brought increase governmental role in the sectors. Most social services were provided free especially education. The Universal Primary Education (U.P.E) was started on 6th September, 1976. The take-off of U.P.E went through five years of rough planning, operations and uncountable problems.

In 1977, the National Policy on Education was articulated. This policy enunciated the educational structure, curriculum, administration and financial assistance from the government.

Therefore In 1979, the constitution provided that the government shall eradicate illiteracy by providing free education at all levels. In 1981, the National Policy on Education was revised while in 1982, the 6-3-3-4 education programme was introduced. Consequently, new facilities such as additional workshops, equipments, laboratories were needed to start the new system of education. All these were functions of available financial resources.

The main source of revenue was crude petroleum oil; from which all tiers of government received their statutory allocations. This source started facing problem in the early 1980's when the oil glut problem emerged. It resulted into declining revenue and subsequent reduction in the

states statutory allocation. The state function was not reduced neither was the consumption pattern changed. The limited resources were inadequate so much so that the government went into borrowing and the debt crisis arose.

In 1986, it became necessary for the government to introduce the Structural Adjustment Programme in an attempt to solve the economic crisis. In the course of this, the education sector went into crisis. As revenue declined, financial resources needed to provide educational facilities became difficult, while the social demand for education was still increasing. This created an imbalance in the demand and facilities required. The effect was slow rate of development in the educational sector.

In the course of finding solution to the problem of financing education, various states introduced fees, levies and equally sought philanthropic and international assistance to augment their resources. These resources are so insignificant that they can neither be called an alternative source nor an aid.

The Federal Capital Territory (FCT) just like any other state has to educate her citizens in order to contribute to the socio-economic and political development of the Federal Capital Territory and the nation at large. In an attempt to develop her human resources, problems that touch on the provision of accommodation, classrooms, personnel, student maintenance, laboratories, equipments were faced.

The Federal Capital Territory statutory allocation comes from the Federal Government, which provides between 60% to 70% of the total recurrent revenue and between 50% to 70% of capital receipts. Thus, as the Federal Government revenue declines, the total revenue and expenditure of the Federal Capital Territory moves in the same direction.

Abuja has a rapid rate of population growth due to migration and movement of the seat of government. This growth has necessitated the need for rapid expansion of educational facilities to meet the demands of the influx and indegenes of the Federal Capital Territory as well as to establish Unity in diversity, improve the welfare of the citizens and in general achieve socio-economic and political development in the territory.

The question then, remains, how the Federal Capital Territory can contribute appreciatively to human resource development in the face of the current declining revenue so as to achieve the objectives of education.

1.2 PROBLEM STATEMENT

The dissatisfaction with Lagos as the Federal Territory due to its peripheral location and lack of room for expansion led to the argument on whether Lagos should remain as the Federal Territory or not.

This led to the setting up of Aguda Panel in 1975. The Panel reported that lagos was incapable of performing a dual role because it was dominated by one ethnic group and its location was not central.

On February 5th 1976, Decree 6 sited the Federal Capital Territory at the present location. The Decree vested the ownership and control of all the land in the area on the Federal Military Government. Section 1 (3) of the decree provided that hence forth, the FCT would be governed and administered by the Federal Government. Also, the Federal Capital Development Authority (FCDA) was established as the government agency responsible for the design, construction and management of FCT.

FCT covers total area of 800 square kilometres and estimated to have a population of 850,000 by 1995. The people of FCT are made up of various ethnic groups from all over the country. The original groups include, the Ebiras, Gwari, Gade, Gwandara and the Koro. They live in agricultural villages and produce to sell in the isolated markets. Economic activity is very low in all areas except among the Ebiras. Population is sparsely distributed with low educational development. FCT falls into the category of the least developed area in Nigeria and carries vividly the scare of past government indifference to development.

The people of FCT cut across all forms of religion. We have the pagans, muslims and the christians. Earlier studies show that 56% of the household are illiterates. Among the literates, 22.3% had Quranic education, 16.1% attended Primary School, 3.1% had secondary education and 2.7% had university education. (Consultancy Report on Administration of FCT 1979).

The development of FCT commenced in 1980. In view of the rural nature of FCT, it was suggested that social services, trade centres, adult literacy, roads, communication and electrification etc be developed. The development of new schools in reasonably populated areas became imperative. Nine departments including education department were established under FCDA. The development of education was accorded priority for the realisation of Unity in

diversity. This is in accordance with the National Policy on Education. However, to educate this rural sector effort was needed in terms of special funding. The Federal Capital Territory therefore provided free education in the early stage despite the declining revenue. This period required various forms of encouragement to willing learners. Thus, textbooks, subsidized transportation fare and boarding school were provide at post primary level.

From 1980's when the nations revenue began to fall, most of the facilities needed for developing education in a young place like FCT started facing problems. Hence, day school and Parents Teachers Association (PTA) were encouraged, fees and educational levy were also introduced. Yet, the problem of inadequate facilities still persisted. Thus, dilapidated facilities and limited materials continued to be a problem. The Federal Government Financial Assistance decreased in addition to its shifting of responsibilities to other tiers of government.

With the growing demand for education, rising cost, declining income and economic crisis, there is the problem of how to generate reasonable resources for an appreciable development of human resources. At this juncture, it becomes clear that inadequate supply of fund s to education sector is one of the problems that has hindered its performance. Moreso, the management of finance and manner of allocating funds for recurrent and capital expenditure has further minimized the achievement of its goal..The question then are:-

1) To what extent has the government addressed this financial problem?
2) How has FCT government used the resources to improve or develop human resources in FCT?.

1.4 JUSTIFICATION OF THE STUDY

It is very important to develop the human resources of a nation towards self reliance and nation building. The citing of FCT and the rapid expansion of population requires greater resources for human resources development. Hence, it is stated that

" the real question for educational planners and policy makers in the years ahead is not whether the social demand for education will continue to spiral, for it surely will but how to cope with this continuously rising demand in the face of limited educational resources. (Coombs and Hallacks 1972 page 96). The crucial problem in education system is not static but changing, dynamic sources of revenue should be sought to meet growing demand.

1.4 OBJECTIVE OF THE STUDY

The aim of education is to develop human-resources for individual development and the society at large. However, the resources required to generate such development is limited.

The aims of this study are:-

1) To analyse the various human resources development policies in Nigeria and FCT contribution.
2) To examine the impact of human resources development on economic growth.
3) To examine the sources of revenue and the pattern of expenditure growth in FCT.
4) To examine the priority given to human resources development in FCT; and suggest possible alternative ways of expanding financial resources for education.

1.5 THEORETICAL FRAMEWORK

There are three main developmental factors which are physical, financial and human resources. Many studies have focused on the financial and physical factors, neglecting human resources factor. However, the inability of other factors to explain the residual increase in production which was later attributed to human resources has led to current studies on human resources development.

There are growing intellectual studies and views on role of human resources development especially in the present era of technological progress. This has generated questions on role of government expenditure in human resources development. Historical knowledge had revealed that government has a prominent role in the financial provision, curriculum content and standard of education.

The extreme Laissez-faire view propose free market mechanism. However, it does not always hold that the only way for efficient allocation of resources is through market system. In the market system, "Optional determination of output requires equating average revenue with marginal cost". (Schultz 1971, page 13). The market system efficacy hold where the private returns exceed the social returns. When this assumption fails, the market system breaks down and the private sector may under invest in vital areas necessary for growth.

Many non-competitive firms do exist even within the private sectors with oligopolistic character. Certain products also go into necessary area for a developing nation like Nigeria and therefore, requires government expenditure for the provision of such social goods. In such

sectors, the social returns exceeds the private returns e.g. education and health.

Social wants involve the general consumption of good which does not involve direct payment. Its provision cannot be satisfied through the market system e.g. flood control, sanitation campaign. Such goods are provided through the budget.

The keynesian and structuralist economists have always argued in favour of government expenditure. The structuralist maintained that economic growth can only be made possible with government intervention in order to remove the impediments to economic growth. Others maintained that government consumption will crowd out private investment by dampening any economic stimulus in the short run, and in the long run by reduction in capital accumulation. Whichever way it is viewed, the relationship is between levels of government spending and economic activity rather than total factor productivity.

There is a controversy as regards the influence or impact of government expenditure on economic growth. It is argued by some, that government expenditure (Capital and Recurrent) has a retarding effect on economic growth. This opinion is based on the believe that government with its inherent laxities in decision making, non competitive and non profit motive makes it inefficient when compared with the private sector. "Assuming the lower productivity of government investment, any increase in government expenditure, by increasing the share of productive resources used by the government, would slow economic growth in the economy as a whole, and may impede the accumulation of human and physical capital and the pace of innovation in the private sector". (Diamond 1989 page 5).

The controversy over the growth effects of government expenditure reflects our incomplete understanding of the growth process and the determinants of economic expansion. Schultz (1971) stated that growth in the expenditure of human resource development contributes to the economic growth of the nation. The development of human resources embraces technological progress through research. This has a spill-over effects on the economy. The development of agriculture through research and extension services, the production of drugs are example of human resources development achievements.

The Capital and Recurrent Expenditure on education has helped the private and the public in general. "Increased education is not only one of the largest sources of past and prospective economic growth..... the laws governing school attendance and child labour have

a pervasive effect" (Edward 1963 page 39).

The long period behaviour of the capital income ratio assumed that a country which amassed more reproducible capital relative to its land and labour would employ such capital in greater depth because of its growing abundance and cheapness. On the contrary, "the estimates now available show that less of such capital tends to be employed relative to income as economic growth proceed" (Schultz 1971 page 15). This is so because estimates of capital income ratios refer to only a part of capital and excludes the most important 'human' capital. The income of the United States had been increasing at a much higher rate than the combined amount of land, man hours worked, and the state of reproducible capital used to produce the income. The disparity arises from the returns to scale and increase in the quality of labour.

The important role played by human resource development has made it a social need. From the keynesian ideology, the satisfaction of social goods cannot be provided by the private sector. However, 'some' social public wants are subject to consumer sovereignty- resources allocated in accordance to the effective demand of consumer determined by individual preferences and the prevailing state of distribution. Within this context, the provision of wants met by services subject to the exclusion principle and satisfied by the market, within the limits of effective demand become public want. However, if considered so meritorious that their satisfaction is provided for through the public budget, over and above what is provided for through the market and paid by private buyers, it becomes a merit want e.g. subsidized low-cost houses, free education and health services.

The merit wants and social wants are both provided for in the budget but different principles apply. The social wants are consumed by all while merit wants involve interference with consumer preferences. Certain public wants fall within private and social wants, where the exclusion principle can be applied to a part of the benefit gained but not all. (Musgrave 1963 page 102) e.g. budgetary provision for free education and health services. Such measures are of immediate benefits to the individual but also, every one stands to gain from living in a more educated or healthier community. Though, consumer sovereignty should strive but interference may be necessary as deemed fit by the leadership idealogy. This justifies the compulsion in the allocation of resources to education. Hence " National Survival, culture preservation, the development of a just society, all over-ride the market freedom" (John V. 1963

page 144). Though, education contributes to individual achievements, the sum of men's individual actions add up to the sum of the general good.

Government expenditure is needed for the provision of essential services as inputs to the private sector's production process. It was in this respect that Blejer and Khan (1984) asserted that provision of public goods and infrastructure are essential for private investment. They observed from group of developing countries that long term infrastructural expenditures rather than short- term public investment positively induced private investment. The public capital investment are substitutes for private capital.

Attempts have been made to separate the independent effects of private and public sector investment on growth. Khan and Reinhart (1990) tested empirically the relative productivity in private and public investment for a cross-sectional data in 24 developing countries. The result confirmed that the effect of private investment on growth is more than that of public sector However, they maintained the direct effects of public investment on growth through raising profitability of private investment and the absorptive capacity of the economy.

Demand has a functional relationship with price but it is unlikely that price effect is responsible for the growth of government spending. All things being equal, productivity in the service intensive government sector lags productivity growth elsewhere in the economy. Hence, cost per unit will likely go up leading to a decline in output. " If the observed growth in government reflects other demand side argument, the increase in the demand for government goods and services will have to be large enough to off set the price of government production" (EKPO 1994 page 13).

Wanger's law states that as income rises, the demand for government expenditure increase more than in production due to industrialization and urbanization. Ideology has an important role to play in the demand side. The nature of independence struggle and the urge to provide basic amenities after independence contributed to the growth in government expenditure.

The supply side argues that government production is service intensive and there will be increasing cost of government output if real level of output has to be maintained.

Other explanatory factors of the growth in government expenditure can be observed within the theory of economic development. Development models between 1940's and 1970's stressed the extent of market failures in developing countries. This models- the big push and balanced growth suggest more government participation. In recent times, government has been

replaced with market system but it is very difficult to reduce government expenditure in LDC's. It now cost more to run a government in the present era of industrialization and economic crisis. Thus, we may need more teachers, equipments, more public school e.t.c. which translate into expanding public sector. The roles of both multilateral and bilateral agencies supports and explains the preference for public sector rather than private sector.

1.6. METHODOLOGY

The study will make use of both descriptive and analytical methods. The descriptive analysis will centre on background characteristics such as composition, structure and trend of revenue in the FCT. The analytical method will entail the use of the least square regression technique. This will be used to establish the link between the Federal Government expenditure on education and GDP, and, also the link between FCT total revenue and its expenditure on education. The effect of total revenue and GDP on the allocation of the ratio of capital or recurrent expenditure to total FCT expenditure; and the impact of GDP on the ratio of investment on education in FCT to Federal Government Investment on education will be estimated.

Growth in education is easily measured by the number of school enrolment, schools, personnel e.t.c. while development and human capital formation is difficult to quantify. Expenditure on human resources development will be approximated by government expenditure on education since the total actual expenditure on education is difficult to come by.

1.7. HYPOTHESIS

This study will test the hypothesis that effort at human resources development approximated by the expenditure on education is correlated with GDP growth. Increase in investment in education will result in an increase in GDP growth. The hypothesis test is that:-

Ho : $\beta_1 = 0$; the null hypothesis that β_1 is not significant

Ha : $\beta_1 \neq 0$; the alternative hypothesis that β_1 is significant

The second hypothesis will test that the time pattern of government expenditure on education in FCT conforms with the Wagner's theory of government expenditure growth. Thus, as income increases, expenditure on education increases. This hypothesis will test that;

Ho : $\alpha_1 = 0$; null hypothesis

Ho : $\alpha_1 \neq 0$; alternative hypothesis.

1.8. SOURCES OF DATA

This study will use secondary data. The nature of the research objective dictate that the data collected will relate to Federal Government expenditure and Gross Domestic product, FCT revenue and expenditure. Others are school enrolment, personnel strength and educational facilities.

These will be collected from journals, magazines,bulletins, documents, annual budgets and government publications.

1.9. SCOPE AND LIMITATION

This study is based on time series data ranging between 1971 to 1994 for Federal Government investment in education cum Gross Domestic product, and between 1985 to 1994 for Federal Capital Territory total revenue cum investment in education. The long period involve in the first set of data conforms with the econometric approach in making an inference. However, this is not feasible in the case of the Federal Capital Territory because of its unarticulated statistical record of the past period.

The first data focus on the post war period, oil boom and economic recession while the other focus on the period of Federal Government presence in the territory.

Research on education is generally expensive and difficult to follow up. Statistical data on actual government expenditure is not readily available and other inputs value are not properly recorded.

The population by age data which would have been used to measure government performance and evaluate its influence on education expenditures is not available. Also, an accurate information of the Parents' Teachers Association contribution, surcharge and fees are not made available for use.

CONCLUSION

The on-going debate over the attitude of government to reviving educational system has called for scholars interest to reaffirm the importance of education and the role of government in the development of education in Nigeria. Literature has shown from a historical perspective that government owes it to its citizen to provide eduction if a meaningful development has to be achieved by a nation. This statement implies that government has a role to play in the development of a nation through education.

Using the OLS regression method on the secondary data collected from various establishments, it is expected that the Federal Government expenditure on education will be positively related to GDP. Its magnitude may be low due to inaccurate data, low investment in education, mismanagement of fund and mis-allocation of priority. However, government responsibility or role in the development of education will no doubt result into growth in government expenditure in education due to increasing cost and demand for education. Thus, as income of the State increases, its expenditure on education will equally increase which implies a positive relationship between income and expenditure.

In an attempt to examine the growth of enrolment vis-a-vis the facilities of education, the use of ratio will be applied. This will help to analyse the adequacy of financial provision to meet the increasing demand. This study will update the education statistical data of FCT in terms of performance and resources so that useful suggestion could be given where necessary.

1.10 OUTLINE OF CHAPTER (ABSTRACT)

Chapter one presents the general introduction of the research. This involves the background, objectives, justification, methodology and a brief summary of the study. Chapter two reviews literatures on human resources development and financing of education. It focuses attention on the benefits of human resources development and the role of government in financing education.

Chapter three conceived broadly the educational development policies.
This includes the political and economic effects on the policies and the general implications.
Chapter four is concerned with the analysis of FCT government financial commitment to education. It also attempt to explain the role of finance as a pivot on which other policies revolve. The sources of FCT revenue and the fiscal relationship are also discussed in this chapter.
Chapter five gives the econometric analysis of the impact of government expenditure in education on GDP. It will also shed more light on the impact of increasing income on the growth pattern of expenditure on education and finally the summary, Conclusion and suggestion.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

Every society is dynamic and changes its states of arts from time to time reflecting the values of the people and the society structure as shaped by the technological revolution of the world. This technology helps to improve the development level.

It is often said that Nigeria is one of the developing countries because of its low level of productivity. Using the Macro-economic frame-work of the vicious circle of poverty to explain this, it can be said that Nigeria has low productivity level due to the low level of technology which is generated from low level of income and vice- versa. In order to break through this circle, growth and development must emerge from the productive sectors of the economy. This can be achieved through the development of human resources which will break the vicious circle and facilitate the take off stage for growth and development.

This chapter is divided into sections. Section I which is the introduction is followed by section II which contains the concept of economic growth and development. Section III presents the definition of human resources while section IV states the determinants of human resource development. Section V shed light on the importance of human development followed by the conceptual view of education in Section VI. The role of government finance in education is conceived in Section VII while a brief historical review of educational financing in Nigeria is contained in Section VIII. This chapter is concluded with government expenditure growth.

2.2. CONCEPT OF ECONOMIC GROWTH AND DEVELOPMENT

Economic growth refers to some rate of increase in the number of income streams per annum. Development involves a cumulative change that results from positive forces that increase productivity. "Economic growth means more output and economic development implies both increase in output and changes in the technical institutional arrangements. (kindle Berger 1958,pg3) By human analogy, growth involves physical change while development involves change in the functional capacity. However, the functional change requires growth and vice versa.

Human resource development involve a positive change of the former state of art to a new form. Human resources growth refers to physical growth or increase in population. Some

economist have defined economic growth as a process whereby an economy's real national income increase over a long period of time. Also if the real Gross National Product is greater than the rate of population growth, then per capital real income will increase.

Other economists have argued that economic growth is a complicated process and as such may be misleading to focused attention only on growth in the national product (Yotopoulos and Negent, 1976). There is need therefore to examine the economic structure and institutional changes that interact to sustain economic growth; such as institutional modification, income distribution, demand structure, size and age composition of the population etc.

Economic development on the other hand involve both increase in output and structural shift of resource use towards modern technology. Despite these views, the accepted way of measuring growth and development is through the National Income. Thus, the growth of Gross Domestic Product (GDP) can be used as a proxy for economic growth.

Using the macro-economic frame-work, many growth models have tried to explain the pattern of growth in an economy. In the Richardian Model, the major limitation on growth was imposed by land which sets the price of food and thus the supply of Labour. Harrod-Domar viewed growth as an interaction between savings and the capital-output ratio where capital was the engine of growth. Intended saving and capital-output ratio lay out an equilibrium growth path from which it was easy to stray through too much or too little demand.

The Harrod-Domar model was modified in the neoclassical direction by Solow and Meade. They provided for substitution among factors rather than the fixed properties assumed by Harrod-Domar and by a technical progress function related to investment by Kaldor. Attempt to verify Harrod or the neo-classical model statistically have left an important proportion of historical growth unexplained. Various explanations of this residual have been offered such as: technical progress, investment in human capital, increasing organisational efficiency, increasing returns to scale and government policies.

Economic history has therefore produced a variety of stage theories of which the most widely discussed is Rostow's. He worked out the stage of growth and classified them into five categories i.e. traditional society, pre-conditions, take off stage, the drive to maturity, and the high mass consumption. The traditional stage involve static equilibrium which persist until it is disturbed by some mechanism such as fixed techniques, stable population and diminishing returns.

The precondition stage involves slow changes in attitudes and organisation. The idea of economic improvement takes hold and breaks the frozen traditional rigidity to allow for

occupational, geographical and social mobility. Things became easier and a new production function is adopted in agriculture and industry. This was the stage in Nigeria when the colonial master brought trade and education to change and generate a new mode of production. It was not achieve because the social structure remained the same and education neither generated development nor changed the mode of production. Tranformation was therefore prevented.

This has totally hindered the take off stage which is a watershed to development. The take-off stage involves the destruction of resistances and blocks to development in one or some of the leading sectors where technical change is strong. This helped to raise the rate of investment and economic growth.

After the take-off, the maturity stage sets in. The society now spreads technical change and there is improved efficiency from leading sectors to other parts. Growth habits becomes ingrained and growth rates outstrip population increase to raise income per head.

At this juncture, one of the preconditions for development is through the development of human resources. Human resources-not capital nor income, nor material resources-constitute the ultimate basis for the wealth of nations" (Ukandi and Victor, 1978 pg. 1) Capital and natural resources are passive factors of production while human beings are the active agents who accumulate capital, exploit natural resources and build social, economic and political organisation.

2.3 DEFINITION OF HUMAN RESOURCES

Human resources refers to the totality of energies, skills and knowledge in a country. It can be defined as "the Managerial, scientific, engineering, technical craftsman and other skills which are employed (or could be employed) in creating, designing and developing organisation and in managing and operating productive service and enterprise and economic institutions". (Ukandi and Victor 1978 pg. 34).

Human resources is often used synonymously with human capital because they are both used for future satisfaction and development. There was however, an argument over the use of human resources as capital because it relegates human to a position of mere slaves.

This argument only survived to the period when economist were able to associate the residual input that helped to increase output to human resources. Thus, energies, knowledge and skills

of people for pure economic uses are but one dimension of human endowment which also embraces the beliefs, thoughts, motives, feelings and aspirations beyond and outside the world of work. The economic and non-economic factors interact to bring about development. Hence, it was asked "Was french economic development of the nineteenth century determined by the family firms, a social phenomenon, or was the perpetuation of the family firm a result of such basic economic factors as coal supply" (Kindle Berger 1958 pg 18).

Some economist proclaimed the dominance of cultural and social aspect over economic factors. They regarded economic variable as mere parameters or conditioning circumstances within which cultural change of a fundamental sort could bring about a change from economic stagnation to growth (kindle Berger 1958). Four variations in the behaviour of people that are relevant to economic growth were suggested. These are propensities to develop science, to propagate and rear children, to apply science and strive for material advancement.

On the other hand, others indicate certain relationship in the society that is different in a number of dimensions which included:-

1. The way individual interpreted the physical work tended to change from irrational to rational as the country developed.
2. As society developed from superstition to reason.
3. As society developed from particularism to universalism.

For development to take place, considerable rationality in these factors must exist. The family structure, class structure, mobility of labour, race relations, religion, attitude of honesty, peace, law etc. were regarded as determinants of development.

Economic factors were also found to have impact on the class structure. The impact of the industrial revolution on British class structure is an example. Other examples included the iron manufacturing and coal mining, rapid development of banks, the mass production and the present age of synthetics. Deutsch (1979). This is therefore not to conclude that only the non-economic factor are responsible for the economic factor because they both interact. Moreso, socio-cultural factor is no more an explanatory cause for economic development than economic factor. This was evident from the fact that more studies on economic factors prevailed. The individual is naturally blessed with economic and non- economic factors. All embodied in human resources.

2.4 DETERMINANTS OF HUMAN RESOURCES DEVELOPMENT

Policy problems relating to the need for social development are now among the most critical of all development problems. Improvement in human life is not to be seen as ultimate objective of development but to be equally viewed as an instrument of development. There is the need to improve the quality of human beings as economic agents to bring a positive change. Without such human development, the development process will not be self sustaining. This change requires increasing emphasis on investment in human capital and on measures to modify social and cultural values. The strong advocation of education as a panacea has made its need more popular.

At each stage of development, the type of education, (Grammar, vocational, technological) level (primary, secondary, University) and its function (clerks,technicians, high level manpower) could vary. In the pre-colonial era, the function dictated the type and level of education required. The colonial masters and the missionaries needed interpreters, as such Grammar school was established to produce those who can read and write only. The introduction of agricultural education also reflected their needs to produce for exports.

The development of education is usually based on the needs of the nation. For example In 1960's, the development of education was based on manpower requirement. The educational policy was designed towards the provision of manpower. Assistants and intermediate workers were trained to take over from the colonial masters. Labour requirements was estimated on the basis of given hypothesis about the relationship between given types and level of education, and occupation. This principle of need has actually influenced the priority given to education in Nigeria.

The other approach is on the demand side. Over the years, it was observed that there was a relationship between rising incomes and increased demand for education and, thus, between demand for education and increasing national expenditure. The awareness of education grew as education was attached to better trading, higher income and evangelism. Education was primarily viewed as a 'meal ticket'. Through education, an individual can achieve better standard of living, better political, social and economic status. Such importance has led to the upward movement in the demand for education. Thus as education demand increase, there is the need to provide more facilities for educational development by the government. Such government function increase the national expenditure at large. However, though investment in human resources is gaining wider acceptance due to its importance, the means of attaining an

increase in investment on education have still received little consideration.

National income and government policy have greatly influenced the development of human resources. The bold step taken towards the take-off of the Universal Primary Education was largely attributed to the oil boom apart from the need for reconstruction, rehabilitation, and reconciliation. However this could be devasitating, if ways of sustaining the programme is not given due consideration. The increase in demand or supply of education may be stimulated by government policy.

Whatever approach is used in the development of human capital, the basic fact remains that educational policy on its own cannot achieve any good, except it is adequately financed. Government philosophy and objectives have to be backed with the societies interest in education on the part of the administrators and the consumers of education. This will enhance dedication from both ends for a better development.

2.5 IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT

The development forces encompasses more than the theory of production. The forces are not readily identifiable due to their complexity. The search for positive development factors rather than the causal factor (i.e. vicious circles of poverty) gave wider insight into identifying other "unexplained factors". It was then realised that some increase in total output could not be explained by the theory of production but by some "unexplained residual factor".

Statistical investigation on sources of growth in output have shown that output has increased at higher rate than can be explained by an increase in only inputs of labour and physical capital. A large part of the increase in total output was attributed to "unexplained residual factor" in the economy's aggregate production. Studies on sources of growth in output in advanced countries have shown that "the residual factor the un-isolated source of growth is left to account for 50% or more of the increase in total output. (Meier 1976). The "residual" was referred to as "measure of our ignorance" of the determinants of a rise in productivity- the complex of little understood forces which cause output per unit of utilized resources to rise. Thus, though there are many unidentified factors but a prominent element is the improvement in quality of inputs. It is evident that effective use of physical capital depends on human capital. Under-investment in human capital will limit the rate at which additional physical capital can be productively utilised since technical, administrative, professional people are required to make effective use of physical capital.

The traditional composition of capital involves net increase of land, structures, durable equipment, commodity stocks and foreign claims. The stock of capital is now extended to include the body of knowledge possessed by the population. "Human Resources affect every aspect of the organisation from hiring to marketing to investors attitudes, and extends beyond business and industry to involve government, education, unions, the economy, the consumer, and the general public in extensive, complex and vital inter-relationship" (Deutsch 1979 pg. 8).

All problems and progress emanate from human resources and its development. The development of human resources can result into a radical, complex and rapid technological change than ever. As literacy wipes out beliefs and feudalism, the social structure is transformed into a radical productive mode of production. This change has accelerated technological change which brought the' global village' and jet airliner within our reach.

It has come to be recognised that there is a relationship between education in a society and the material progress of that society. Benson (1961). Policy makers in both private and public sector consider education as strategic variable in planning for economic growth.

Despite the role of education, it was argued that, the question, how much education is needed implies that there are limits to the capacity of a country to absorb even the kind of education which adds to productive capacity. Investment types of education spring from the level of development of the community rather than the development level depending on the supply of education. However, there is a direct relationship between investment in education, supply of education and level of development. For if the later (development depending on supply of education) were true, the community would be capable of absorbing any quality of education, however large on the ground that the more educated, the faster the development (Benson 1961).

In the long run, community can absorb any quality but in the short run, there is over supply and this may cause unemployment of labour. The unemployment (surplus) will adjust on their own through various reactions and mechanism some of which are:-

1. Migration.
2. Increased Productivity by innovation and invention which may be different.
3. Acceptance of a less remunerative employment
4. Raising the educational requirements of some jobs.

It is therefore important for any country to know the type of educational programme to provide at each stage, that will have some economic effect. Wide spread and universal elementary education seemingly will more than pay for itself. This programme will provide

minimum skills for illiterates for use of native language and basic arithmetical competency. Even if any part cannot be absorbed, it will still gain a certain amount of training to increase manual skills in some limited fields.

However, the role of education in the development of human resources for political, social and economic development still remains. "Once I saw the passive role of human capital in modern economy, I also began to see the traditional concept of capital" (Schultz 1971). Knowledge is our most powerful engine of growth. There are some economic activities that are difficult to carry on unless the population has high degree of literacy e.g. mass market. Mass market is depended on mass production which reduces cost and leads to high consumption, high wages and high standard of living.

Changes in agricultural output has occurred through the establishment of agricultural experimental stations and extension services. Longer life span can be attributed to schools of medicine. This has great effect on the available skill manpower and productivity.

Education helps to break the permanent division of class structure in the economy where few possess the means of production. For democracy to strive in any nation, literacy is the basis. Education helps to ensure unity and understanding among individual. It helps individual to develop to the highest level compatible to our genetic and environment. An individual without education is unlikely to proceed far in developing the particular aspect of a worthwhile form of life to which he is suited. Education brings psychic and monetary returns. The literates are more flexible and more motivated to adapt to changing circumstances and are of better income.

2.6 CONCEPTUAL VIEW OF EDUCATION

Education can be discussed under two broad headings i.e education as a consumption good and education as an investment good. From this broad division, formal education can be akin to consumption of education by household while on the job training as investment by the firms. This goes along the keynesian theory of income determination as expenditure of two different sectors of the economy.

In the classical economic theory, labour was usually regarded as an unvarying factor of production. Thus, "the acquired abilities of the inhabitants of a country may be regarded as part of that country's capital resources" Benoni (1979 page 2). Irving Fisher's concept of capital embraces all forms of capital including investment in human beings so long as such investment

were capable of earning a stream of returns. Schultz (1971) stated that increase in aggregate output, in relation to corresponding increase in existing factors of production could be attributed mainly to investment in human capital. It becomes necessary to invest in education.

The finance of education centres on the relation between education investment, the growth and development of communities output. This is extended to economic effects of education. Economics of education deals with the impact of education on such phenomena as the occupational structure of labour force, the recruitment and promotion practices of employers, the migration of labour, the pattern of international trade, distribution of income, propensity to save and in general, the prospect of economic growth. Education affects all aspect of ones life and a country at large. This makes education a crucial element in development irrespective of the amount of money expended into its development. "The wisdom of expanding public and private funds on education is not to be measured by its direct fruits alone. It will be profitable as a mere investment, to give the masses of people much greater opportunities than they can generally avail themselves of, for by this means, many who would have died unknown, are able to get the start needed for bringing out their latent abilities. All that is spend during many years in opening the means of higher education to the masses would be well paid for if it called out one more Newton or Darwin" (Mark Blaug 1976 pg.3).

Human resources development requires well articulated policies stating the objectives and how it will be achieved. Economist therefore tends to speak with two voices on education. As a technical voice, making statements about education as an investment, and as a policy voice announcing proposals about the size, character and means of finance of education that would be appropriate for a particular country at a particular time. However, there is a relationship between the two, if policy is taken as a mere opinion then the relationship between the technical statements (investment) and education as a social objective has to be recognised or to clarify the characteristics of the end-means nexus of which education finance is a part with the view to improving our understanding on the implication of financial policies.

As a technical voice, the Volume and character of community resources to devote to different kinds of education in order to maximize the community's rate of growth and the methods of finance that would bring about the desired result has to be evaluated. Ideally, the study would set out to discover marginal social benefit-cost ratios for all relevant types of investment in education, then compare those with similar ratios of other forms of (human and physical) investment; and on this basis propose financial arrangements that would adjust the

allocation of resources between uses in a faction that brought the ratios into equality. Thus, "Finance appear only as a means, a technique of implementing a growth policy guided by the real consideration" (Roe and Edgar, 1960 pg. 345). Money is needed to execute the policy and the policy has to be established before money can be made useful. It was stated that money alone cannot produce any economic goods but economic goods cannot be produced efficiently without the necessary investment. Other factors are organisation, parental cooperation and method of financing. Roe and Edgar (1960).

2.7 THE ROLE OF GOVERNMENT FINANCE IN HUMAN RESOURCE DEVELOPMENT

Finance is the barrier to the growth and development of education in any country. Money is scare. Apart from its scarcity, it is not evenly distributed among the countries of the world, the regions or states of a country, local government of the States and even communities in villages. The financial means to acquire education are unequally distributed and limited, therefore, there is bound to be under investment in education in some sense. A sound education programme and financial policy are needed to facilitate desirable educational services and programmes else improvement in education opportunities will be retarded or prevented.

It is observed that "educational finance policies have such a critical influence on every educational service and programme provided on the national economy, on the welfare of individuals, and even on the welfare of the nation itself" (Roe and Edgar 1960 IX). The economy and financing of education cannot be studied adequately in isolation from our total social system. In the prevailing unequal distribution and limited resources, in relation to the importance of education as a means of socio-economic and political development of the nation, the question to ask are: is equalization of educational opportunities necessary? should it be a function of the government ? what level of eduction should be guaranteed to everyone in order to promote the general welfare? To what extent should the state exercise control over publicschool ? what percentage of school revenue should be provided by the state.?

Cubberly and George were reported to be the first to work on the basic concept of state school financing. (Roe and Edgar 1960). They studied the historical development of education in the United States and found that the legal arrangements provided for public education and the inequalities of education opportunity. They then formulated their concept of the state responsibility for providing educational services as follows "the state owes it to itself and its children, not only to permit of the establishment of schools but also to require them to be

established even more, to require that these schools, when established shall be taught by a qualified teacher for a certain minimum period of time each year and taught under conditions and according to requirements which the states has from time to time seen fit to impose. While leaving the way open for all to go beyond these requirements the State must see that non fall below..... Practically, never quite true, the duty of the state is to secure for all as high a minimum of good instruction as possible, but not to reduce all to the minimum, to equalise the advantages to all as nearly as can be done with the resources at hand; to place a premium on these local efforts which will enable communities to rise above the loyal minimum as far as possible; and encourage communities to extend their educational energies to new and desirable understanding" (Roe & Edgar, 1960 pg. 207).

Changes are necessary in the provision of financing public school in order to provide more equalization of the financial resources available to school and to meet the dynamic situations and circumstances of a nation. To this end, they suggested that public school revenue estimate should be based on the following assumptions:-

1. That economy of the nation will continue to grow.
2. That the present rate of technological changes in the society will continue to grow.
3. That education will be extended downward and upward.
4. That we shall continue to have high elasticity of demand for education.
5. That international conditions will permit a reduction in the proportion of the gross national product allocated to national defense. This is to ensure growing financial support for educational development to achieve equalization.

Wiseman and Peacock took a slightly different approach. To them, the fundamental question in education planning is whether growth of educational system is constrained within narrow financial limits. Finance is limited because it is always impossible to significantly expand the tax base in anything less than a generation and there are competing demands on tax revenues. They argued that the sources and method of educational finance can significantly affect the scale and character of education. In this context, educational finance means tax finance. Wiseman then reviewed the standard argument for state action in the field of education and concludes that "these provide no more than a case for subsidies to parents, rather than a case for direct provision of free education by the state, wholly financed out of taxes (Mark Blaug 1967 pg. 340).

He advocated for educational vouchers' - distribution of coupons to parents with a prescribed purchasing power over educational services, which they may supplement out of their own resources if they wish. This proposal was vehemently opposed. It however, seems that

the view of free education within the limit of any country is generally accepted as it is evident in the countries of the world.

2.8 HISTORICAL REVIEW OF EDUCATIONAL FINANCING IN NIGERIA

Education in Nigeria involves pre-primary, primary, secondary and tertiary stages. The different stages have different objectives and needs different facilities for it to perform. Education therefore needs more resources in the coming years if it has to accommodate the growing population along with the changing needs of the society. In taking care of the school enrolment, construction, personnel, teaching aids, workshop and other operational expenses, the cost will escalate even without inflation. Finance question should come first before others in implementing educational policy. Owoicha (1981) in his address on implication of the 6-3-3-4 stated that when accounts of social and cultural objectives are addressed, the financial aspect looms even larger because "it is precisely in the area of finance that so many of the nobler aims of education are defeated (Owoicha pg. 254).

The history of education financing in Nigeria dates as far back as 1877 when the British imperial administration provided grant of ₦200 to each of the three missionary societies which have been carrying out educational activities in the colony of Lagos since 1840's using their own financial resources. In 1887, the education ordinance introduced the provision of scholarship grants for secondary education and technical instructions.

The following grants were approved in the ordinance.

a) A capitation pass grant for each subject and grant in proportion to the average attendance.

b) Special grants to schools which obtained a high percentage of passes and reached high standard of general excellence.

c) Grants for capital expenditure and industrial teaching were also provided.

There was no rigid formular for the allocation of revenue to education but revenue allocation went along the need of government. The colonial masters/government regulated the opening and running of schools through the grants in aids.

Another method of financing was the assumed local contribution", which was referred to as (ALC). It was decided on the unit of male pupils and passed to parents as school fees. There was no reason advanced for this method, however, the plausible reason could be to give

adequate responsibility to parents through ALC. The contribution of ALC to total cost of education was low.

In the 1960's, the expansion of education to meet the employment needs demanded more financial assistance or support. The demand for education was not too high. The creation of regions led to new education policy for outright expansion and reorientation. This brought the emergence of a new bill on education. Education bill accounted for between 30.7% and 39.9% of the total regional expenditure. This according to Taiwo (1980) does not include the contribution of parents and voluntary agencies. A committee set up to review education system in the regions observed that "the government was already spending one-third of its revenue on education and it would take all government resources to introduce free primary education" (Fafunwa, 1974 pg. 175). The Banjo commission gave a similar recommendation that more money was needed in spite of the almost 40% that was usually committed. Taiwo (1980) also observed that the low standard of education in the Western Region was due to "inadequate financial provision, and in consequent, lack of essential equipment and facilities, textbooks and materials" (Taiwo 1980, pg.136).

The financing of education as a public enterprise is budget-based. Its management is within the resources available. The proportion of revenue allocated to education is determined by:-

i) The revenue that accrues to the government.

ii) The philosophy and objective of the government.

This approach has remained to the present times despite the dynamic nature or characteristic of revenue allocation formula. The financial policies has been too flexible to enhance useful, effective planning and management of education. It is in this context that financial policy is required to make possible that which had not been achieved.

The Federal Government financing of education is made through one or a combination of the following distribution stream:-

1. Equality of states.
2. Pupil enrolment
3. Nationally, Educationally disadvantaged areas.

The criteria for determining disadvantaged areas is subject to political manipulation. The rapid expansion of education at all levels since 1976, makes the burden of financing that of the

Federal Government. This led to the stress of financial burden coupled with the declining revenue and increasing cost.

Recent trends have equally shown that financing problems are yet to be over despite increasing government participation. With the introduction of UPE in 1976, the Federal Government could only managed it for five years.

Thereafter, shifted it to states and local government due to high cost and declining income. Bray (1986) stated that the cost turned out to be so high, the Federal Government had to devolve responsibility to the states and local governments. From this, it is evident that other sources of finance need to be examined to improve education standard. At present, the sum of between ₦50 and ₦400 is been contributed in one form or the other for financing education. With the high cost of building and operating education, no state or local government will really be in the position to equip and maintain education adequately. Even the "present Federal expenditure of university education alone is the form of direct grants (excluding student financial aid) was about ₦600m annually . . . . . and expected to rise to ₦2 billion annually before 1990" (Taiwo 1980, pg.192).

Education has become an investment for which financing must be sought from the government or within and probably from external sources as well. It is no longer a matter of budgeting on what the country could afford but on the future needs of the country which are so massive that Nigerian resources alone would be inadequate to finance them.

Financing education has remained a major problem and has attracted government attention such that various committee was constituted to look into the problems i.e. Onabamiro (1978), Fafunwa (1982) and Technical Committee on the Management and Financing (1989). In their various reports, they suggested that there was need to establish National Provident Fund for education, the proceeds of which should be distributed to the states. Also, that there should be the involvement of international organisation such as World Bank in the funding of education in Nigeria, Educational Development Bank should be established to help the states in funding education at all levels.

In 1993, an Education Tax Decree was imposed. The tax Decree NO. 7 (1993) imposed a two percent tax chargeable on all assessable profits of any company registered in Nigeria like other taxes under the companies Income Tax Act (PPTA). The Inland Revenue is charge with the collection of this tax and disbursed through an Education Tax Board of Trustees to the Federal, State and Local education institutions. The money to be used for work centre and prototype development, staff development, conference, library system, research equipment procurement and maintenance, redressing any inbalance in enrolment mix as between the higher

educational institutions. In disbursing the tax between the three tiers of government, the higher education sector shall receive 50%, shared in the ratio of 2:1:1: for universities, polytechnic and Colleges of Education. Primary Education sector shall receive 40% and Secondary 10%. This is hoped to assist in the funding of the entire education system. The universities shall also secure credit facilities from the World Bank.

2.9. EDUCATION FINANCING & GOVERNMENT EXPENDITURE

There was an earlier study of financing education in Nigeria by Callaway and Mosone (1968) using the time series data. They examined the trend in educational expenditure and the budget, internal and external sources of financing education. They found that adoption of Phillipson system of grant in aids and increased enrolment has lead to rising financial commitment to education. i.e. Colonial government support for education in financial terms.

Ndagi (1978) tried to find out if marginal changes in expenditure on education on the states was significantly correlated to the marginal changes in the total expenditure. He also tried to find out if the level of expenditure at any level of education was correlated significantly with each of the following : number of schools, number of teachers and number of students. Ndagi's methodology was based on Pearson correlation ratio using time series data from the states. He found that there was no relationship between revenue and expenditure; enrolment and expenditure on education. He found that there was over dependence on oil revenue while the revenue allocation formula gave the Federal Government an increasing percentage of the federally collected revenue. Resources allocated to education ranked second of which University education received highest percentage while 80% of secondary education resources went to personal emolument of staff and maintenance of students, only 15% went to the purchase of education materials. He observed that the proportion allocated to various items on education had not changed over the years even though the total expenditure had increased. The State government gave priority to secondary and primary education but there was no clear rationale of budgeting for education and allocating resources to educational institutions, yet much of the education resources were spent on overhead cost.

Government expenditure keeps on growing to improve the standard of education; along with other sectors. There are reasons advanced for the growth in public expenditure. Lindover and Velenchich (1992) gave four alternative approaches to understanding government i.e cost accounting, demand side argument, supply-side factors and development theory.

The cost accounting approach has not been widely used in explaining government growth

in less developed countries though Saunders and Klaw (1985) used it to explain O.E.C.D. countries. They attributed growth in public entitlement due to demographic factors and broaden coverage in the less developed countries.

Such growth are necessary because of its positive impact on the economy. Thus, there is a significant relationship between income per head and the proportion of highly educated people in the labour force. Roe and Edgar (1975) suggested that investment in education, research and development and other intangible capital might account for any unexplained increase in the Gross National Product. Various Economists have made similar studies on the effect of investment in education upon growth in the nation's economy. Though the findings differ in detail, all have concluded that investment in education has a vital effect upon economic growth.

CONCLUSION

From the literature, it is observed that education is important for development hence every government is committed towards its development.

However, many factors militate against its achievement such as financial constraints. The government has tried to set-up committees to look into such problem. It is observed that the reports were not taken serious hence the gap between school environment and resources still prevails.

CHAPTER THREE
EDUCATIONAL DEVELOPMENT

3.1 INTRODUCTION:

Education involves the development of character, mental and physical ability resulting from the training and instruction given through formal and informal means. Educational development in Nigeria evolved through many stages from the colonial era, to date. In the colonial era, the preoccupation in Nigeria stemmed from the need to train Nigerian to serve as typist, clerks, interpreters and clergymen. There was neither a clear stated objective nor a policy to guide the educational system. Infact, Nigeria's educational system was then not designed to meet the pressing economic, social, cultural and political needs of the country. Rather, it was designed to meet the needs of the colonial master. The provision of educational facilities was done mainly by the missionaries. Subsequently the quest for the development of agricultural products for exports by the colonial masters added a new dimension to educational development, apart from the provision of interpreters and clergymen, agricultural research institutes were established to take care of agricultural production. The colonial masters had full administrative and financial control of Nigeria's education system. The educational needs and requirements were dictated by the colonial masters.

There was low school enrolment due to the lack of awareness on the importance of education. Towards independence, the demand for education improved as it was attached to higher income and better standard of living. However, the cost of education on parents discouraged and hindered many from attaining it. The type of education provided was functional i.e to provide assistants. Higher education was strictly provided overseas through scholarship and grants.

The first grammar school was the C.M.S.Grammar School in Lagos established in 1859. About ten schools were established in the south mostly concentrated in the then Western Region. Western education penetrated the North from 1903. Between 1920 to 1921, the African Education Commission, set up under the auspices of Phelps stokes funds, commented on African education. Educational facilities in African, largely credited to mission, had yet to realize the full significance of education in the development of African people. The defects in the educational programme so far as they exist, have usually been due to their conception of

education. Some have thought of education merely as imparting of information,.....others.....as to enable the natives to read the Bible and to understand the spirit of christianity. (Adesina, et al 1983 page 249).

The outbreak of the first world war in 1914 halted the prospect of expanding education in Nigeria. In 1944, Lord Lugard called for a ten-year education plan. The aims and objectives of the plans as provided by Adesina were to provide:-

1. A type of education that is more suitable for the needs of the country.
2. Better conditions of service for teachers employed by the Mission and other bodies.
3. More adequate financial assistance.

In 1948, Education ordinance came into being. The ordinance gave birth to the first higher school in Nigeria in Yaba Higher College which latter became a University College. The Elliot and Asquith commission were set up to look into the prospects of expanding higher education. Their recommendation led to the official opening of Nigeria's first University in October 1948 (University of Ibadan). UNESCO and the World Bank assistance was sought for in the planning, administration and financing of the educational system. These bodies suggested the expansion of:-

1. Teacher Training Colleges
2. A possible way of controlling population explosion of pupils at primary level.
3. Expansion of secondary education.
4. A reasonable increase in tertiary education as provided by the budget.

Harbison's study of Nigeria Manpower needs focused on intermediate education, a ten-year level manpower requirement and possible problems ahead. He warned in the Ashby Report:-

1. That Nigeria's most urgent needs in future is the expansion of intermediate education. Shortage of funds should take priority over expansion in tertiary education.
2. Over investing in higher education and over crowding of the University with non-science education needs to be checked.
3. Discourage rapid expansion at primary school and demand for the production of qualified teachers.

By 1951, constitutional development began. The Macpherson Constitution of 1951

propose regionalization and the central body. By implication, educational development was also regionalized, thus a clear uniformity could have been envisaged, in terms of financing planning and administration. As education was a regional subject, the Revenue Allocation Commission recommended "that it should be a fundamental part of the constitutional financial arrangements for the first quinquennium of the new constitution. The central government should transfer to the regions the actual cost of giving effect within the regions to the centrally prescribed grants in aids regulations in so far as these related to recurrent expenses, subject to the two under noted conditions:-

1. The grants should be paid in accordance with Grants-in-Aids Regulation.
2. The Nigerian Director of Education (now Inspector-General) and such of his staff as he may depute for the purpose shall have the right to inspect all grants aided institutions throughout Nigeria and to call attention to any incorrect or ill advised application of grant-in-Aid Regulation (Taiwo, 1980 page 102).

The secondary education curriculum was guided by the cambridge school certificate. The 1951 constitution provision was adopted by the 1954 Lytteton constitution which divided Nigeria into three regions and Lagos as the Federal Territory. Nigeria became a Federation of three regions each with an exclusive power and extra powers for the central government. There were three Legislative list i.e the exclusive legislative list for the central government, the Residual list for the Regions and the concurrent list while other forms were on the residual list.

In 1959, as independence drew near, the Ashby Commission was set up to look into the needs of education in Nigeria for the next twenty years. The commission recommendation aimed at two objectives which were:-

1. To upgrade Nigerians who were already in employment and needed further training;
2. To design a system of post secondary education which will produce before 1970 the flow of high-level manpower which Nigeria is estimated to need and to design it in such a way that it can be enlarged, without being replanned to meet Nigeria needs up to 1980.

The Ashby Report made a continuing contribution as a precedence on the nature of an educational system and the use of innovation, adaption and relevance of education. The attainment of independence in 1960 led to the rapid expansion in education industry. It became necessary to call for seminars, committee, conferences etc to look into the educational system

Federal Government spent ₤24.7 million as against ₤29.2 million estimated. The Regional Government spent a total capital expenditure of ₤21.0 million out of the ₤40.7 million planned. These figures estimated some degree of underspending, possibly due to war and low revenue.

In the primary sector, the total enrolment in the country stood at 2.8 million pupils in 1962, 3.0 million pupils in 1966 and 3.1 million pupils in 1968. Secondary enrolment also increased in 1962 from 195,000 student to 211,000 students in 1966 and to 215,000 students in 1968. Federal Advanced Teachers Colleges were expanded along with the secondary and technical schools. In the universities, enrolment was 3,600 students in 1962 and 8,600 students in 1968.

The sharp increase in the enrolment led to high number of drop outs. Another qualitative defect in the system is the inadequate exposure of secondary school products to essential school subjects such as science, mathematics which are basic to enrolment for higher technological and scientific studies. This in turn tends to limit science and technological courses in the universities. The considerable expansion in the primary enrolment was not accompanied with the expansion in the secondary education thus, limiting the chances into secondary school and turning so many school leavers into the labour market.

Towards the end of the civil war, the National Conference on Curriculum Development Organised by the Educational Research Council met to examine the objectives of education, the content of the curriculum and the required equipment for implementing it. The objectives of:- education were also formulated into a national philosophy by the conference. The objectives are:

1. The inculcation of the right type of values and attitudes for the survival of the individual and society.
2. The training of the mind in building valuable concepts, generalization and understanding of the world around us.
3. The acquisition of appropriate skills, abilities and competence both mental and physical as equipment for the individual to live in his society.
4. The acquisition of a relevant and balance knowledge of facts about local and world phenomena. This will lead to self realization, efficiency, national consciousness, unity, social and political progress.

The end of the civil war in 1970 coincided with the Second National Development plan and the oil boom era. In the Second National Development plan (1970 - 1974) there was need for reconstruction, reconciliation and rehabilitation of war damaged area including the educational sector. The resources needed to finance the programme was very much available. In the Second Development Plan, education was provided for its own sake as a means of enriching an individuals knowledge and to prepare people to undertake specific tasks and employment functions which are essential for the transformation of our environment.

The plan identified that "experience has shown that shortage of talents and skills needed for development can decisively retard economic progress" (Development Plan 1970 - 1974 pg. 234).

The national objectives of the Plan are to establish :-

1. A United, strong and self reliant nation.
2. A great and dynamic economy
3. A just and egalitarian society
4. A Land of bright and full opportunities for all citizens and
5. A free and democratic society" (Development Plan 1970-1974 pg. 12).

These objectives are in line with the philosophy of education formulated in the 1969 National Conference on Curriculum Development. As for education the development plan addressed the following :-

1. The restoration of education facilities and services damaged by the war.
2. The development and expansion of education at all levels in order to achieve higher enrolment ratios and improve the quality at these levels and equally reduce educational gap by levelling upwards.

Quantitatively, enrolment increased. In 1971, there were 343,313 pupils which increased to 448,904 pupils in 1973 at secondary level. The quality was also improved, new curriculum was designed and Grade II certificate training was emphasised. Inspectorate Division was established and schools were equipped.

The Federal Government made decrees while the states gave educational edicts. Thus, little variations were prevalent. Private schools were taken-over by the states and the abolition of the educational functions of the local authorities. The Federal Government took over all

higher education exclusively while all other forms of education came under the concurrent responsibility for Federal and State governments. The Federal Government decree provided a harmonized influence on the states.

Funds was made available by the Federal Government to assist states and local governments. About 13.5% of the total national expenditure or ₦77.8 million of the ₦2.0 billion was allocated to education.

The ability of the government to achieve most of its aims can be traced to availability of funds. The oil boom increased the revenue and expenditure of the Federal, States and Local governments. The Udoji Award enticed many to get jobs in all sectors of the economy and education which increased the expenditure on education. The teacher training students allowance also enticed many into the training.

The third National Development Plan (1975-1980) came within the late years of oil boom. The national objectives and philosophy of education still holds. This plan addressed the followings as regards education :-

1. The expansion of facilities for education and equalizing individual access to education throughout the country.
2. Reforming the content of general education to make it more responsive to the socio-economic needs of the country.
3. To consolidate and develop the national system of higher education in response to the economy's manpower needs.
4. To rationalize the financing of education with the view to making education system more adequate and efficient.

To make an impact in the area of technological education so as to meet the growth needs of the economy. This plan ushered in the Universal Primary Education (UPE) in 1976. The UPE programme was aimed to achieve 100% enrolment at primary level so as to achieve 60% literacy for social, political and economic development. About 12 percent of the total national expenditure was allocated to education.

The Federal Government assumed full financial responsibilities for both capital and recurrent expenditures. The Federal Government stated that "it was not unmindful of the existing gap in government financial intervention at this level which had in the past, made access

to this level of education rather restrictive" (Third Development Plan 1975-1980 pg. 246). Expansion with equity consideration in view will be guided by the need for even distribution of facilities on a geographical and population basis. Teachers education and higher education will be expanded to provide personnel staff. This bold programme of reorganisation and reform in education called for the establishment of a greater number of institutions to provide educational services for the improvement on the quality of teaching through adequate supply and maintenance of various forms of teaching aids.

An estimated 2.3 million pupils based on the assumption of 100% enrolment was expected in 1976/77 at the beginning of UPE. Classrooms required was estimated at 36,015 while 59,500 teachers were required. Library and craft centres were to be provided. About 12.1% of the total sector allocation was allocated to education.

The estimated new six-year children was 2.3 million but 3.0 million children reported. This implies that shortage in infrastructures was inevitable. This figure increased to 12.5 million pupils in 1979/80 and 15 million leading to educational crisis.

3.3 EDUCATIONAL POLICY IN NIGERIA

In 1977, the National Policy on Education was formulated. Its objective was to remove all contradictions in education of all states. The policy provided the structure, curriculum, administrative and financial assistance. It was revised in 1981. The 6-3-3-4 programme involving vocational, technological and grammar education was introduced. 100 percent enrolment was envisaged at primary level for onward transition into the junior secondary level. With this change, it demanded that a new curriculum design be made a responsibility of agencies and boards with the Federal, States and Local governments. The financial assistance was not well spelt out. However, the Federal Government will work out a system of three types of educational grants to the states as follows :-

(i) Recurrent grants on the basis of enrolment

(ii) Grants for Capital projects based on approved expansion plan and

(iii) Special grants for specific education projects.

University and Teacher Education shall be free while technical and commercial education shall be done jointly with the public, private sectors and Industrial Training Fund.

Towards the end of the third Plan there was a change from Military to civilian government in 1979. The oil reserve played a tremendous role in the expenditures of the government for political reasons. The constitution was reviewed in 1979 and provided that : government shall direct its policy towards ensuring that there are equal and adequate education opportunities at all levels.

(i) Government shall promote science and technology and eradicate illiteracy.

(ii) Government shall and when practicable provide free education at all levels.

Thus, school fees at secondary level were abolished in the states, university and teacher training was free. Community schools emerged and were found in every corner of the streets. Educational administration and policy were politicized.

The nations economy was mismanaged through unnecessary expenditure. In 1980's, the oil glut crisis began and oil revenue declined. Despite this problem, the pattern of our consumptions and expenditure did not change. As a result prices increased, domestic production reduced, and there was balance of payment dis equilibrium. Macro-economic policies were intended to address these problems but failed.

In 1981, the Fourth National Development Plan was formulated. The impact of oil crisis reduced the revenue while the reserves had declined. External loans became difficult. The Plan was intended to address the followings :-

(i) The training of scientist and technological development.

(ii) The training of the mind in the understanding of the world and the acquisition of appropriate skills, abilities and competence both mental and physical as equipment for individual to live and to contribute to the development of his society.

(iii) To achieve self reliance in production of our needs and exploit, develop our natural resources.

In addition, government shall reorganise the primary school curriculum, provide in-service training, supply adequate teaching and learning materials, establish Nigeria Book Development Centre e.t.c.

In 1982, the 6-3-3-4 programme started in principle without essential requirement.

As the economic crisis continued and external loans became difficult, the Structural Adjustment Programme (SAP) was introduced in 1986. The aims in a nutshell was to revitalize domestic

industries and minimise dependency on foreign products. However , it generated a negative effect such that services provided by the government were not adequately financed due to high cost and declining revenue.

The effect of SAP on naira made it rather difficult to purchase needed educational facilities. The Unit cost of ₦3,500 per classroom could not be met without additional fund. (Otu and Saror 1989 pg. 6.) quoted that "Observations have shown that both quality and quantity of education provided and being reviewed in Nigeria today were suffering heavily in the face of biting austerity. Withdrawal of children is now rife, unemployment of young graduates and able bodied men and women is escalating, under utilization of skilled manpower and brain drain are common place occurrences". In the present day education , books became expensive and scarce, laboratories and workshop equipment are limited, accommodation over-crowded, school fees unpaid and total expenses curtailed. Real income of parents have drastically reduced with its consequences on parents inability to pay school fees.

3.4 IMPLICATION AND EFFECTS OF EDUCATIONAL DEVELOPMENT POLICY ON THE ECONOMY

The expected development from various policies of education had turned out to be harmful to the economy's development. Education was provided to improve the standard of living , production, efficiency, technology, social relation, peace and stability of the nation. However, it's effect is rather very unimpressive. The ideology of delving into what the nation cannot maintain has made most of the policies rather unsustainable. This, no doubt will yield negative results.

The notion of free services kills the revenue of the government while over dependence on government retards development. Thus, if the total financing of education is done by the government, the amount of education required would depend solely on the government allocation to education. Education standard will be prone to changes in government expenditure on education. When government revenue is slim, expenditure on education will move in the same direction.

Government resources are limited by its ability to raise money from taxation, borrowing and others yet it has to perform its functions as a state. It becomes necessary to compare the

social cost and benefit of the social services produced. The use of investment theory nor input - output analysis becomes more difficult to implore.

Thus, policy statements are made to justify the allocation of resources that goes into education. Such statements had led to inadequate preparation and unrealization of objectives. Also, this has led to the expansion of education over other economic sectors which in consequence has limited the absorptive capacity of educational turnout probably in the short run. Despite the increasing cost on the government part, the resources are still very inadequate, hence growth is achieved without development.

In effect, the feudal relationship still exist disallowing transformation and change in the mode of production while unemployment persist discouraging parents from contributing to their children's education. The slow technological drive has lead to over dependence on imports and balance of payment problems.

The investment in human capital development in FCT has done little to extend the capacity of the people to meet the challenges of accelerated development. The slow growth in knowledge is a restraint to progress which reflects the backwardness in labour efficiency, factor immobility, specialization, economic stability, and religious tolerance.

The paradox of FCT education is that although the territory in achieving new levels in the quantity of education as measured in high level of school graduates from primary and secondary schools, the quality of education has dropped steeply for a number of reasons. The trained people our educational system is producing are not trained for the kind of jobs being created by a rapidly changing economy.

The training has not develop our propensities to develop science and apply science, to change from irrational to rational, superstition to reason, attitude of honesty e.t.c. The science and technological foundation is weak and disarticulated. The economy lacks the internal rescilence and technological basis for high level production and employment. The weak financing has made the link between the sector rather too weak to interact and transform the nation into a strong, self-reliant and united economy.

In Nigeria as a whole, relating education and training closely to the economy's requirement, it will be observed that there are shortages in physical sciences and overloads on humanities. This problem arose from lack of adequate planning. One cause seems to be a chain

reaction that begins in the elementary and high schools, where teachers who have not been adequately trained try to equip students with obsolete ideas and, equipment that are not geared to the changing world beyond the classroom.

3.5 EDUCATIONAL DEVELOPMENT IN FCT

The Federal Government education policies also holds in FCT. The educational policies in the four states from which FCT was carved was in use until 1976 when the Decree No. 6 of 1976 was made. The Decree marked the Federal presence in FCT. The Federal Capital Development Authority (FCDA) was established to look into the administration, coordination and establishment of infra structural services. The education department was established under the FCDA and headed by the Director of Education to take charge of schools in FCT. The Educational Research Centre (ERC) was also established to design the curriculum of schools. Following the transfer of primary schools to local government, the primary School Management Board took over from the Department of Education. The Task Force on Implementation of 6-3-3-4 was formally commissioned in 1993 to look into the activities of both primary and secondary education.

FCT has the following aims towards achieving educational development which are in line with the Federal Policy on Education.

i) The encouragement of free primary education

ii) Provision of adequate facilities to ensure that primary schools are available within walking distance.

iii) Establishment of Vocational Training Centres, special education for the handicapped, nomadic education, women centres etc.

iv) The expansion of secondary and primary education to meet the needs of the citizens, and the provision of facilities for qualitative teaching.

v) Give financial assistance to students.

Following the above development policy it is hoped that education will inculcate the spirit of unity among residents of the Federal Capital Territory.

The Department took over 150 primary schools from the four states in 1981/1982 academic year and six secondary schools within the same year. Following the citing of FCT,

five secondary schools were built at Bwari, Kwali, Abaji, Rubochi and Karshi. In 1990, there were 190 primary schools out of which two were special in nature i.e. Jabi FCT primary school and Gwagwalada Demonstration Primary School. There was no possible reason given for making the two primary schools special in nature but the possible reason is for the two schools to serve the workers children mainly. This is however, contrary to the policy of equality of education hence in 1990, the school was brought to the level of other primary schools by moving out the National Certificate of Education teachers and replacing them with grade II teachers.

The number of secondary schools by 1981/1982 were eleven and two teachers training colleges. Out of these, six secondary schools and the two teachers college were boarding schools. In 1985, there were 15 schools with 252 classrooms and an enrolment of 11,112 students at secondary level. Within 1985 to 1989, there was an impressive growth in education. The number of secondary schools increased to 26 with 549 classrooms and 26,801 enrolment.

In 1989, the Women Education Programme was established to improve the quality of life of rural women. The programme are found in Garki, Kuje, Abaji., Kwali and Wuse. In 1990, four new primary schools were opened in Gwagwalada and Municipal areas, four junior secondary schools were up-graded to senior secondary schools. Two Army secondary schools were opened to cater for military personnel who are moving to Abuja. In this same year, the Mass Literacy for Adult learners was established. Nomadic school with veterinary Health Clinic were set up at Tudun Fulani in Bwari and Rugan Wakili Baraje in Kwali. ₦54.3 million was allocated to education for both recurrent and capital expenditure in 1989.

In 1991, the number of classrooms increased by thirty six. This increase was made to cope with the increasing number of school children. Five modern Primary Schools were constructed at Maitama, Asokoro, Wuse, Kubwa, Gwagwalada and three secondary schools at Maitama, Asokoro and Kubwa. Home economic laboratories, workshops and science laboratories were built for senior secondary schools to start the 6-3-3-4 programme. Fifteen science laboratories and twelve technical workshops were constructed and equipped. This implies that while the states started the 6-3-3-4 programme in 1982, it began lately in 1991 in FCT. Instructional material and equipment such as Radio, TV set, Video and projectors, musical instruments and computer sets were given to four secondary schools. The inability to start the 6-3-3-4 on time and to provide all the 27 schools with necessary facilities implies that

adequate funds is not available.

In 1992, there were 29 secondary schools with an enrolment of 29,346 students and teaching staff strength of 1,681, while ₦64.8 million was allocated for both recurrent and capital expenditure. These figure increase to 34 secondary schools with 41,341 students and 2,210 teachers.

Having looked through educational policies and FCT contribution to educational development, it is observed that the issue of population is not adequately addressed yet it is very important for an effective planing. Without knowing the estimate of the school children envisaged, provision of necessary facilities may be over under provided. The population also helps the planners to cost adequately and project requirements.

Another defect of the policies is that the implementation of policies are rather too quick and sudden disallowing the provision of necessary facilities before taking off hence policies are not practically executed.

Financial policy is always too slippery to hold unto.

CHAPTER FOUR

GOVERNMENT FINANCE IN FCT

4.1. INTRODUCTION

The Federal Capital Territory (FCT) has witnessed a rapid increase in its school age population since 1985. This development has come at a time when research indicates that investment in human capital has been one of the most important factors responsible for the socio-economic and political development of a country. Thus increasing strains are placed on the FCT educational institutions to provide both more and better education to the end that all residents of F.C.T. may come closer to realising their full potential. However, the problem of how the cost of education should be shared has remained unresolved. This chapter is intended to answer a number of nagging questions, some of which are :- Can fiscal and curriculum-content issues be separated in discussing FCT education? who should have the responsibility for establishing educational standard and curriculum-content in FCT schools? what factors are relevant in determining FCT's ability to pay for education? Is the FCT economic capacity to support education as pressing as it is made to appear?.

4.1I THE CURRENT SETTING AND THE IMPLICATIONS

Until very recently, primary and secondary school enrolment in the Northern states has been generally low when compared with those of the southern states. According to Ezenwe (1987), while the primary school enrolment rate in Bendel state was 85% in 1975/76 fiscal year, the corresponding figures for Kano and Sokoto States were only 10% and 11% respectively. The situation was even worse at the secondary school level. For instance, in the same year, Lagos State recorded enrolment rate of 29.5% while Kano and Sokoto recorded 1.0% and 1.1% respectively. However, primary school enrolment increased by 114 percent in the Northern States between 1985 and 1992 while primary school enrolment increased by 25% over the same period in the Southern States. Since the primary school prepares entrants to the secondary and tertiary institutions, this development was clearly seen as a solid foundation for closing the educational attainment between the North and South. Although, gaps still exist at secondary and tertiary levels, these gaps could be regarded as short-term gaps. They could be narrowed down to tolerable levels in the short-run and completely eliminated in the long-run only if the existing luke-warm attitude towards western education changes. Various reasons have been given for

the poor enrolment figures in most of the Northern states, including socio-cultural attitudes and indifferncе to the western type of education even among the conservative elites. The effectiveness of the recent Federal Government Policy on education in redressing this imbalance is quite remarkable. One thing is however clear. The disparity in the levels of educational attainment between the North and South is not a function of inequalities in income and socio-economic opportunities. This is why the Federal Government has not succeeded in articulating strategy to deal with it.

Everyone in FCT is convinced that education is one of the most important public services. The authority in FCT are however, convinced that expenditures on roads, hospitals and water supply are as important as expenditures on education. At best, one can say that the level of a community's educational expenditures reflects the value and attitudes of the citizens of that area.

Table 6 shows the budgetary allocation to the Department of Education in FCT between 1985 and 1994. It can be seen that on the average about 6.3 percent of the total budgetary outlay went to education. The proportion went up to 8.8 percent in 1994. Another striking feature of table 6 is the rapidly growing recurrent expenditure on education at the expense of capital expenditure. Capital Expenditure accounted for 69.6% of the budgetary outlay on education in 1985. It accounted for 40.8% in 1994. The proportion of recurrent expenditures on education rose from 30.4% in 1985 to 59.2% in 1994.

Recurrent Expenditures had to increase because the Federal Capital Territory had to maintain a minimal standard, as a condition for receiving Federal grants. The Federal Government made grants available to FCT for the direct improvement of teaching programmes. The problem of economic capacity to support education in Federal territory is not as pressing as it appears.

As the demand for more and better education grow-both in terms of the number of students and in the variety of courses and the complexities of teaching them, the responsibilities of FCT will undoubtedly increase.

The capacity of FCT to support education or other service does not depend only upon its income but also on such considerations as what all the available revenue are to be used for and on the value (absolute and relative) taxpayers place upon education. The cost of manpower

development falls solely on the government of FCT because private sector which demands for education contributes an insignificant quota.

The National Policy on Education (1977) appreciated the need for equal educational opportunity for all. The concept of equality is difficult to define. However, Afolayan (1987), tried to re-examine this concept because no country can provide for all citizens. Hence, he asked Does equality mean access to educational institution or does it signify equality of opportunity to attempt to gain admission?.

The concept of equal educational opportunity can be interpreted as the guarantee for quality of education to all schools without limiting the quality to few schools. Garms et al 1978, had identified the following possible interpretation of equal educational opportunities, the interpretation constitute the followings :-

1. Equal access to education. This involves the provision of minimum level of school resources for quality of educational opportunities and quality services;
2. Equal educational treatment with the assumption that people have different educational needs such as the provision for the disabled;
3. Equality of education outcome; i.e. equal student learning.

Thus, real educational equality means that all students are provided educational experiences that ensure the achievement of certain uniform goals and objectives. Garms et al (1978), even said that if one assumed that pedagogical techniques could be refined and applied as to make such an objective realizable, the resource level necessary to implement it would undoubtedly be staggering. An attempt to balance any potential and learning deficit will result in equal treatment for all pupils but it will in no doubt demand unequal resources.
Thus, by equal opportunity, it means that the government will provide all necessary facilities thereby moving towards free education.

The aim of providing free education in FCT was considered necessary for the rapid socio-economic and political development of FCT. Also, to provide secondary school graduates for transition into higher schools and the provision of intermediate manpower. All these will help in the development of individual at his own ability and a united territory.

The question is, how is it possible for the FCT administration to provide free education. To what extent can this work and what next? The economic situation in the country has show

that government alone cannot provide funds for the maintenance and operation of schools in FCT. The consumers must be prepared to contribute if the desired goal and objectives is to be realised. The clause of equal opportunity for all should be re-examined and redefined.

The issue of bridging the gap between the indigenes of FCT as a backward state should also be looked into. It is observed that despite all forms of encouragement given to them, their interest in education is highly affected by their socio-cultural and economic (farming) activities.

4.3. ANALYSIS OF FISCAL RELATIONSHIPS

The totality of government expenditure in FCT depends on its tax base and the revenue allocation from the Federal Government. The criteria for making Federal transfers to states and FCT, has been, quite apart from guaranteeing the interest of all state and FCT, to bridge the gap between state revenue and state needs. In effect, Federal Recurrent transfers have been based largely on needs defined in term of population, cost of administration, uniform social service standard etc. The emphasis on needs is to equalise in the long-run the level of basic public services potentially available to all citizen regardless of the state in which they live.

The Federal Government has tried as much as possible to ensure fair distribution of development funds among the states and FCT. Federal Capital transfers to states and FCT may take one of two forms. The Federal Government may channel the fund to states and FCT thereby allowing them to allocate the funds to their projects, or the Federal Government may undertake direct financial and management of selected programmes in the states and FCT. The choice of which form to use, and what principles should apply is the exclusive responsibility of the Government. The acceptance of Federal Government control over education has enabled it to use the first form of capital transfer as seen from table two (see table 2).

The fiscal framework in Nigeria is embodied in the constitution which defines the fiscal structure, relationship and responsibilities. The fiscal structure defines the distribution of powers to raise revenue by the three tiers of government while the fiscal relationship denotes the flow of revenue from one level of government to the other. The fiscal responsibilities is categorised into exclusive, concurrent and residual functions. This influences to a large extent, the formula adopted from time to time in the sharing of the federal collected revenue among the various levels of government and in consequence, the revenue allocation to the sectors in the economy

especially education. The fiscal structure gives the federal government more power in the collection of revenue for political reason in order to maintain unity and equality in the economy.

The forms of allocating revenue since 1946 has witnessed several changes of fiscal responsibility e.g. in 1946, the regions were empowered to collect much of the revenues from which the three regions built their universities and developed the educational system, despite the existence of the central government. Till the Raisman Commission of 1958, there was no clear cut fiscal relationship. However, the Raisman Commission created the Distributive Pool Account (DPA) into which all Federally collected revenue are paid. Other revenue are divided into the following portion :

1. A portion of the revenue for sharing among the regions on agreed principles;
2. A portion to be paid to regions on basis of derivation.
3. A portion to be paid to Federal Government.

Payments made to the regions on the basis of derivation was :- 30% of import duties (other than on tobacco and motor fuel, 50% of mining rents and royalties). The regions from which oil was derived should have a significant share.

Payment made into DPA were 30% of mining rents and royalties and 30% of all import duties except those on wine, bear, spirit, diesel-oil and tobacco. However, subsequent reviews related only to mining rents and royalties and the allocation from the DPA.

With the 1963 Republican Constitution, the Binns Commission was appointed. This Commission increased the DPA to 35% of revenue from import duties, mining rents and royalties which was to be shared thus ;-

Northern Region 42%

Eastern Region 30%

Western Region 20%

Mid Western Region 8%

The January 15th, 1966 coup detat led to another change in the revenue sharing. The coup led to the creation of twelve states in 1967 and in consequences, a new method of sharing the DPA was required. In 1967, Decree No. 15 of 1967 therefore resolved that the former percentage for the Regions should be shared among the newly created states respectively. i.e the 42% for the Northern Region should be shared among the new six states created from it.

Thus, 7% was given to each state in the Northern Region, East Central state had 17.5%, South Eastern state - 7.5%, Rivers state - 5%, Western states had 18% and Lagos state 2%. In short, 50% of the DPA was shared among the states on the basis of population while the remaining 50% was shared among the states equally.

After the Civil War, Decree No. 13 of 1970 was enacted for the purpose of shifting most Federally collected revenue to the Federal Government. States now received 60% of export duty instead of 100%, 50% of motor fuel and excise duty instead of 100% also. The Federal Government also received 5% out of the 50% of states revenue on mining rents and royalties based on derivation.

Decree No. 9 of 1971 declared that only the Federal Government had the right to off-shore rents and royalties. While Decree No. 6 of 1975 declared that all revenue to be shared by the states must pass through the DPA except the 20% of the on-shore mining rents and royalties due to states on the basis of derivation. The DPA had the following ;-

1. 80% of mining rents and royalties,
2. 35% of import duties (except on motor spirit, diesel, oil, tobacco, wine, beer and portable spirits).
3. 100% of duties on motor spirits and tobacco.
4. 50% of excise duties.
5. 100% of export duties on produce of hides and skin.

However, in 1973, the export and sales taxes paid to the states were abolished. Decree No. 7 of 1975 empowered the Federal Government to fix personal income tax even though it is administered by the states. Jangali cattle tax was abolished between 1975/76.

In summary states received between 20% and 30% while the Federal Government retained between 70% to 80% in 1970 to 1980. Between 1981 to 1992, the Federal Government retained between 60% and 70% while states had between 30% and 40%. From the above, one can deduce that there is over dependence of states on Federal resources for their statutory responsibilities.

The Aboyade Commission was therefore appointed as states complained over the little allocation given to them. His recommendation was not accepted by the Constituent Assembly based on its technicality. The Okigbo Commission was set up in 1979 and it recommended the

following methods of sharing :-

i) The Federal Government - 53%

ii) The State Government - 30%

iii) Local Government - 10%

iv) Special Fund - 7%

The special fund should be disbursed accordingly :-

a) Development of the FCT - 2.5%

b) Special problems of mineral producing areas - 2.0%

c) Other ecological problems - 1.0%

d) Revenue Equalization fund 1.5%.

The revenue allocation formula among the states should be shared in this manner:-

Population 40%

Direct Primary School enrolment - 1.25%

Inverse Primary School enrolment - 3.75%

Internal revenue Effort - 5.0%

The latest revenue allocation formula is

Federal Government - 48.5%

State Government - 24.0%

Local Government - 20.0%

Special Fund - 7.5%

4.4. SOURCES OF REVENUE

In the 1960's, custom and excise duties were the dominant source of revenue in Nigeria. From 1972, oil revenue became the dominant source. However, with the oil glut of 1980's, the revenue from oil became unpredictable even though it still has the highest propotion.

The main sources of revenue are listed as shown:-

Custom and Excise, Direct taxes, licence and internal revenue, mining fees, post and telegraph, rents on government property, interest and repayment, miscellaneous. The real sources of revenue have not changed though there are changes in the contribution of each source in terms of income accruing from it. Though oil sector contribution has significantly reduced, other

sectors contribution are quite un-encouraging even though they have improved over time.

Available literature has shown that in the early period of independence Regional Government benefitted from external aids in financing education in form of loans, grants, personnel, equipment and training of Nigerians abroad. Most of these external aids are no longer available to FCT leaving the sustenance of education to the available resources from Federal and the FCT government. The revenue allocation dictates the flow of revenue that goes to the FCT irrespective of its plans including education development.

Education competes with other public service units in FCT. The amount expended on education depends on total revenue, government of FCT priority and policy, interest of education consumers. From the revenue allocation formula and the limited ability of Federal Government and FCT to raise tax, it is evident that the sources available is inadequate.

4.5. FINANCING EDUCATION IN FCT

The high trend in enrolment and problem of financing is also prevalent in FCT. The financing of education in FCT was formerly done by the four states from which FCT was carved i.e. Kogi, Plateau, Kaduna and Niger states. With the creation of FCT, the Federal Government took over the financing of education from the various states. The FCT needed faster educational development considering the set back in its socio-economic and political level. Hence, the Federal Government granted free education to every child in FCT Primary and secondary education such that in 1985, about ₦17.4 million was allocated to education, for both recurrent and capital expenditure. This amount increased to ₦116.5 million in 1994. The amount allocated to education has been increasing over the years. The increase resulting from high demand was caused by government policy and migration. With the declining Federal Government revenue, the increase in the amount allocated to education became very inadequate for the provision of necessary facilities for the school population.

In 1985, it was decided that in the light of dwindling resources, most of the post primary institutions will continue to be day-run. Parents would be responsible for the maintenance of their children. Parents Teacher's Association will be formed to participate actively in the running of the schools, particularly in the arrangement of feeding. Thus, in 1989, the Director of Finance announced a nominal fee of ₦50 per student per term to finance part of the cost of

feeding for boarding schools and ₦20 for mid-day meals for students. The fees were later increased to ₦900.00 and ₦500.00 respectively.

4.6. FCT FISCAL POWER

The case of Abuja is not different from other states except that it is the Federal Territory. Much of its revenue is provided by the Federal Government. The internally generated revenue is very insignificant as shown in Table I. This is due to the rural nature of the Territory and low population. Except the pay-as-you-earn tax made to the Federal Government, there is no other tax collected from the citizens.

The constitution of Nigeria in 1979 as modified by the constitution (modification and suspension) Decree 1984 states that FCT be treated like a state with its executive functions vested in the Head of the Federal Military Government. The FCT therefore receives direct statutory allocation out of the 24% states share of the Federation Account. The Federal Government also approved the establishment of a Consolidated Revenue Fund (CRF) into which all revenue accruing to the Territory shall be paid and from which money can only be withdrawn through annual recurrent and capital expenditures. This is in compliance with the nations constitution of 1979 modified by Decree 1984 Section 263 and 112 which states that " the provisions of this constitution shall apply to the FCT as if it were one of the states of the Federation". All revenue or other monies raised or received by the state ..... shall be paid into and form one consolidated Revenue Fund of the state (FCT Budget 1984, page 2). This implies that the resources available to FCT from the statutory allocation are the 2.5% from the Special Fund, Special Grants from the Federal Government and all other internally generated revenue.

Within this limited resources, FCT has to perform its minimal functions as a state and provide for the running of the sectors. The resources are therefore shared among the following sectors: Administrative, Environmental, Economic and Social Services Sectors. Each sector has its specific role to play in the development of FCT.

The Education Department is one of the department in the Social Services Sectors. It is responsible for the provision of Women Education, Nomadic Education, Adult Education, Secondary, Teachers Training and Primary Education, Technical and Nursing Education in FCT. However, the Technical and Nursing Education had been taken over by the Federal Government.

The department is expected to construct and maintain schools, provide personnel and staff accommodation, provide all other teaching materials and equipments including workshop, laboratories, libraries etc.

Given these responsibilities then what resources are available to make the department function adequately. The main sources of revenue to the education department is the development levies, registration of educational institution fees, sale of forms, boarding fees, examination fees etc. All these monies ranges from ₦10 to ₦900.00 only. Considering the functions the department is expected to perform, it is clear that private contribution is very inadequate.

From the on-going discussion, it is clear that educational standards should be established by the government since most of the needs are provided by the government. The use of resources cannot be divorced from the curriculum-content because the curriculum-content dictates the needs. Thus any change-over from one system to another, requires a change of curriculum content and resources to perform adequately. The available resources therefore determines the ability of FCT to pay for education.

4.7. PATTERN OF EXPENDITURE AND SOURCES OF REVENUE IN FCT

The major revenue of FCT comes from the Federal Government. As oil which used to sell for 40 dollars per barrel, has gone down to 14 dollars per barrel, the Federal Government revenue becomes slim and consequently the FCT revenue. The devaluation of naira, declining oil revenue and the high cost have no doubt affected the performance and function of the Federal Government.

The sources of revenue in FCT are capital and recurrent receipts. The Capital receipt is made up of :- the grant from Federal Government, Internal and External loans and transfer from consolidated Revenue Fund. However, external loans have proved difficult in recent times. The recurrent revenue is made up of all internally generated revenue and Federal Government subvention. The internal revenue source are:- court fines, taxes, licences, forest offenses, application forms, ground rent, stamp duty, premium on land, survey fees, advertisement, tender fees, birth registration, hotel fees, earnings and sales, value added tax (VAT).

Table I., summarises the composition of revenue in FCT. The contribution of each authority is also shown. The Federal Government contributed about 70% between 1985 to 1989 and 90% between 1989 to 1994 on the recurrent revenue. The percentage share of taxes to the

recurrent revenue is very insignificant. It contributed between 0.1% to 2.0% within the same period. However, FCT personal income tax is paid to the Federation Account. It will also be noticed that despite the fact that Environmental Development carries the lion share of budgetry outlay (see table v), the rent from government property is low. Also, the contribution of licences and interest on loans which is supposed to be increasing is not when comparison is made between the early stage of low population and present influx. Thus even if the proportion of each percentage composition cannot be improved, it should be maintained.

The Capital Revenue is shown in table II. It is mostly made up of internal and external loans, Federal Government subvention. Transfer to Capital Development Fund is declining. Capital Receipts percentage growth rate was highest only in 1986 which was the early stage of development (see table III).

To continue our discussion on the trend and pattern of public expenditure in FCT, it is noticed from table II also, that savings on current account as a proportion of capital revenue was declining fast over the period. Transfer to Capital Development Fund constituted 38.9% of Capital Revenue in 1985. It declined to 18.7% in 1994. The role of savings on current account as an important source of resources to meet Capital projects cannot be over emphasised. In fact, the practice of FCT specifically in the recurrent budgets is to appropriate a portion of the total available funds to the capital development funds. Thus, ever expanding recurrent expenditure obligations, shortfall in revenue performance and inefficiency in the management and control of the available funds have been the principal causes of public finance problems in FCT in recent years. Consequently, FCT has been finding it increasingly difficult to achieve high savings on current account. For the recurrent budget to perform its proper role in FCT development process, recurrent expenditure requires a more judicious treatment.

Table III presents the growth rate of both capital and recurrent receipts. The growth rate do not follow any particular pattern. The plausible reason being that estimated revenue are difficult to realise while the Federal Government sometimes execute direct project through allocation of special fund. Capital revenue growth rate was highest in 1986 at 202.4% because of the displacement effect from Lagos to Abuja which requires rapid environmental development. Recurrent revenue was highest in 1990 with a growth rate of 165.6% for similar reason to pay civil servants who moved from Lagos to Abuja, in consequence increased the recurrent

expenditure. Capital expenditure growth rate was highest in 1993 due to O.A.U. - ECOWAS meeting.

Table v shed more light on the changing pattern of public expenditure in FCT, it give the summary of capital expenditure by sectors. Environmental development has always taken the lead except in 1992 and 1993. This is for the fact that infrastructural facilities, building of offices and residential accommodation were necessary to encourage movement of people into FCT to catch up with other states. Social services however, ranked least with 5% share from total expenditure. Education though had the lion share from Social Service Sector of between 55% to 70% in 1985-1989, its share declined to 36% and 51% between 1990 to 1994. This pattern of growth does not conform with the assumptions of Roe & Edgar (1960). This shows that education is not given priority. One would have expected a shift from environmental development to social services for every FCT citizen to feel the federal presence. However, it appears that the shortfall or decline from environmental development are shifted to administrative sector. This shift could be based on purely political reasons.

Table VI gives the summary of FCT budgetary allocation to education. It further shows the capital and recurrent expenditure. The proportion of total allocation to education had remained fairly at 5.0% through the years except in 1986 and 1994 when the percentage share from total budget increased to 9.1% and 8.8% respectively. Though the percentage share of capital expenditure to total allocation on education has always exceeded recurrent expenditure; yet it reflect a negative growth rate while recurrent expenditure growth rate exhibit a positive character. This may be due to the low elasticity of Capital Expenditure. From the table, it could be seen that even with the 6-3-3-4 programme, the allocation to education did not change. If the recurrent expenditure increase conforms with Wagner's Law and yet the proportion of percentage allocation did not change much, it implies that some areas are left under financed or un-financed.

Table VII shows the expenditure of government on each student from the recurrent expense only. The recurrent expenditure growth rate per student between 1985 to 1986 increased by 20.1% while it grew negatively to 19.3% in 1987 to 6.5% in 1988 and 12.5% in 1989, in 1990, the cost grew by 59.0% and to 90.3% in 1994. The negative growth could be reduction in the up-keep of the schools while the positive growth is due to changes in prices,

maintenance cost, increase in salaries and allowances etc.

Table VIII shows the school enrolment ratio to teachers and classrooms. The ratio of students to teachers is quite impressive which indicates that much of education allocation goes to salaries. The student to classroom ratio of 40:1 indicate an over populated class. It was observed that most of the libraries and workshops are not operating even where they exist. The laboratories have similar problems - the chemicals are not adequately provided. The provision of musical instruments to only four schools out of the thirty-five schools shows that adequate fund was lacking or music is not a priority.

Abuja was created when the economy was buoyant. Expenditure for the development of the sectors especially education was not difficult. However, in the present economic crisis when shortfalls are expected from statutory allocation, there is need for FCT to examine the sources of its revenue. The Federal Government responsibility in the development of education keeps on changing rapidly in response to declining revenue. The incident of this dilemma is felt at Federal, states and Local Government level.

The free education which used to be provided in the 1980's had proved difficult in FCT. Free books, accommodation, food etc can no more be provided. Libraries, laboratories and workshops, classrooms became empty spaces with obsolete equipment. Classrooms, chairs and desks are inadequate in some schools. Schools run shifts and students are seated on the floor.

CONCLUSION

It has been shown in this chapter that the extent of support for education in FCT is influenced not only by the ability to pay and number of students to be serviced but also by the attitudes of the residents towards education. FCT has increased its expenditures on education over the last few years. Every one connected with education policy is convinced that education is one of the most important public services. It appears economic capacity in FCT to support education is lacking. The FCT is greatly worried with problems of assessment of local tax rates. Indeed, the enormimity of the fiscal problems often seems to overshadow educational problems. The FCT requires all sorts of public expenditure in addition to school expenditures. The changing pattern of population within the FCT requires new expenditures and new taxes. The economic situation in the country has however, made it difficult to impose higher taxes.

As a result, the pressure for a good school system has lost its force. It is with this mind that the FCT seeks some form of federal aid to education. The establishment of the Primary School Commission is a welcome development. Of course, such an aid to education implies that the richer states have through taxes subsidized the relatively poor states. This is required for balanced development.

Until recently, the Federal Government's attempt to assist state school administration and local schools board to improve their operations have not been well received. The states had wanted the Federal Government to allot more funds to them and allow each of them to administer its own school programme. The fear was that the states would be dictated to by Federal Government. But if the standards of the nation's schools have to be improved, the Federal financial support is inevitable. It must also be allowed to enunciate general guidelines to be carried out by the state and local government levels. The revenue allocation system must ensure that FCT has access to fund to be able to perform its functions adequately.

In the analysis of human resources development policies it is noticed that the policy objectives are not realised because they are hurriedly implemented and started without the necessary requirements needed. This is no doubt compounds the problem of education. The FCT government has tried to implement the national policies to enhance the development of human resources in FCT. FCT constitute multi-ethnic groups involving the indigenes and immigrants of other tribes in search of jobs or transfered to FCT. The indigenes are mostly illiterates before FCT was established. The development of human resources in FCT, has no doubt positively affected the political, social and economic activities of FCT. In fact, within this period of study, many primary, secondary, teachers, technical graduates are turned out. These graduates have been employed in various departments in FCT and even outside the FCT. Although figures are not available to support this fact, the political peace and social relation is highly attributed to education. Agricultural output has increased due to extension services. This has boosted the economic activities in the village markets and increased their living standard.

However, there is much left to be desired in the development of human resources of the indigenes as their farming activities take much of their time over schooling. This attitude affects greatly their performance in school and their ability to go further.

CHAPTER FIVE

QUANTITATIVE IMPACT ANALYSIS

5.1. INTRODUCTION

Ram (1986) and Grossman (1988) had shown that there was a positive relationship between government spending and economic growth. Schultze (1971) had stressed that human resources development through education is the root of social, political and economic development of every nation. Roe and Edgar (1975) assumed positive relationship between education and economic growth. They perceived a high demand for education and assumed that to expand resources for education there will be a shift of resources from defence expenditure to education as the economy stabilises. Wagner also found that government expenditure increases as its income increases. Thus, Wagner's law incorporated social, political and economic factors that explains the upward trend in public expenditure growth.

These findings were based on accepted framework for assessing the past and present development of the economy (Stopler 1966). In the same vein, the Denison's methodology of finding the contribution of investment in education on economic growth has been used. Wagner's theory has been used to explain the growth pattern of education expenditure.

This chapter will test the influence of human resources development (approximated by the Federal Government expenditure on education, on Gross Domestic Product (GDP). This is necessitated because of the conflicting views held by various economists on the influence of high investment in education on Gross Domestic Product.

The Keynesian and structuralist argued in favour of government expenditure on certain sectors such as education but the contradictory conclusion of Diamond (1989) that government expenditure may impede the accumulation of human and physical capital has to be re-examined. To do this, government expenditure has to be categorised by sector and tested.

Thus, the focus of this study is on the relationship between government education expenditure, revenue and Gross Domestic Product. Benson (1961) and Roe and Edgar (1976) assumed a positive relationship between human resources and economic growth. Government increasing involvement in education indicates that education is vital for the nation's development. Such involvement is bound to increase as income increases . It is therefore important to have a micro-study on the growth pattern of government expenditure in education as income increases in Federal Capital Territory.

5.1. EDUCATION AND ECONOMIC GROWTH

It is quite known that education improves economic development but various approach have been used to measure education contribution. Roe & Edgar (1975) assumed that any unexplained increase in GNP could be attributed to investment in education. However, the Dension methodology will be applied. Within the Denison methodology trend of the Gross Domestic Product was used as proxy for economic development while expenditure in education was used as proxy for educational investment. From the literature review, it is evident that the social benefit of education is very difficult to measure yet it is known and accepted that such benefit exist. Education at national level is the most consumed resources by the nationals after security services yet there is no consensus on what the output of education is or should be. This calls for a specific analysis on the output of education.

The old fashion notion was to produce student who have some familiarity with and appreciation of the culture in which they live.However, different objectives are now being urged such as the creative being or training to enter a trade, to build a united and self reliant economy, and for self development etc. Moreso, there are different goals for different groups of students in primary, secondary and tertiary institutions.

The output of education is a slippery notion and an expensive study to follow up. Some have used income and graduate performance by applying production function but this method cannot yield the true result. The objective would have been a measure of productivity yet there are so many benefits that are not qualifiable i.e. welfare improvement, political advancement.

In fact, human capital is the present value of past investment in the skills of people not the value of people themselves. The use of rate of return overtime is limited because the total return is not known. The inability of human to know the life span, possibility of war, economic hazards have further limited its use.

From the on going, it has become necessary to make some assumption in order to take care of unqualifiable returns and arrive at a meaningful result.

The assumptions are stated below:-

1. Investment in education influences the Gross Domestic Product Growth.
2. Total revenue influences the amount of money available for educational development.
3. There is great uncertainty on the value to attach to unquantifiable returns from

education and individuals life span. Thus, education returns or productivity gives a partial result.

With the given assumption, all the coefficients of various equation measures the impact of the independent variables on the dependent variables.

5.2. SELECTION OR CHOICE OF VARIABLES

The review of literature has shown that there are inter-related relationship between economic growth, education and national income. It then becomes obvious that variables for measuring growth like Gross Domestic Product, output and accelerators of economic growth like education expenditure and income variable be selected.

5.3. HYPOTHESIS

In order to examine the relative influence of education on Gross Domestic Product, a conceptual framework was developed to guide the hypothesis test. The conceptual framework guiding the first hypothesis test and variable selection incorporate two perspectives. The first perspective reflects theories on growth while the second perspective rests on the impact of investment in education on growth.

This literature helps us to draw the first hypothesis as:-

Ho : $\beta = 0$

Ho : $\beta \neq 0$

The hypothesis infer that the Ho (null hypothesis β or the estimated β) will be equal to zero where the independent variable is not significant while in the Ha (alternative hypothesis) β (the estimated β) will be greater than zero where the independent variable is significant. Thus, if the gross Domestic product is influenced by investment in education, Ha (alternative hypothesis) will be accepted. The dependent variable is the Gross Domestic product which shows the change in the economy resulting from investment in education while the independent variable is Federal Government investment in education.

The second hypothesis is derived from the research literature on the concept and perception of education: and growth of government expenditure. This illuminates on the influence of increasing national income or revenue on the government investment in education.

This hypothesis was formulated in line with wagner's theory of increasing national income and expenditure. Thus, the hypothesis is drawn as:-

Ho : $\alpha_1 = 0$

Ha : $\alpha_1 \neq 0$

This hypothesis indicates that the estimated α_1 will be equal to zero where the independent variable (Total revenue) is insignificant in the null hypothesis while the estimated α will be greater than zero where the independent variable is significant in the alternative hypothesis.

From the two hypothesis, four equations, are formulated along Denison equation-:
The equation (4) is to confirm the preposition that Gross Domestic product is influenced by investment in education. This will lead us to the acceptance or rejection of the hypothesis; while equation (6) is to examine the relevant of wagner's theory to education expenditure growth in the Federal Capital Territory.

To enhance better result and comparison, the use of ratio's will be applied as seen in equation 9,10 and 12.

Hence, this ratios will capture respectivley,

(1) The manner of sharing education allocation between capital and Recurrent expenditure as the territory's revenue grow and

(2) The shift of education expenditure towards Federal Territory Capital or Recurrent expenditure as the national economy grows.

(3) The total shift of resources to education in FCT as the GDP grows.

5. METHODOLOGY AND SPECIFICATION

The ordinary least square technique was used in estimating the link between Federal Government expenditure on education and Gross Domestic product; the link between Federal capital Territory total revenue on its investment on education. Also, the effect of the total revenue in Federal Territory and the Gross Domestic product on the allocation of ratio of capital and recurrent expenditure to total Federal capital Territory education expenditure; and the impact of Gross Domestic product on the ratio of investment on education in Federal capital Territory to Federal Government investment in education. In so doing, we are able to reflect upon the legitimacy of national policy as well as the utility of existing theoretical perspectives and views,

such as human capital theories etc.

The basic procedure in this method include model specification, estimation, evaluation and interpretation of the results. Thus, although, the model is designed along Denison accounting methodology, it is built from the macro-economic model of aggregate supply and aggregate demand equality i.e. aggregate supply = Aggregate demand where $Y = C + I + G$

Y = Aggregate supply

C,I and G are aggregate demand

C = consumption expenditure

I = Investment expenditure

G = Government expenditure

Such that the aggregate supply (Y) which is a dependent variable is a function of the independent variables consumption, investment. and government expenditure. A change in any of the independent variables will influence the aggregate supply or the output level.

From the above, the model will examine the influence of government expenditure in education on output and the influence of revenue growth on human capital investment. Thus, as government expenditure on education influences output other variable like revenue also influences government expenditure.

Government expenditure affects human capital through the enhancement of labour force and productivity that generates income. Another area of influence is on technological change through research, which is difficult to examine. Nigeria in no doubt has benefitted from research on the provision of improved seed varieties.

It also becomes important to examine the revenue trend and its influence on government investment on education, to confirm wagner's theory.

The modified Denison - style growth accounting methodology is specifically used; as presented below:-

$Y = a + b + em + ck + (1\text{-}c)h$.....1

Y = growth of real output or Gross Domestic product

where a = change in the efficacy of the use of resources

b = the rate of technical change

m = intermediate inputs

k = physical capital growth

h = Human capital

c = Consumption

Equation 1 illuminates on the significance of government expenditure.

The effect is positive if there is an increase in physical capital.

Government expenditure affects human capital formation by investing on education. The influence on the efficacy of the efficient use of resources on growth rate is not easy to quantify. The issue of intermediate input is now viewed as a factor of production where a country is foreign exchange constrained. A mere generalised growth model will incorporate export viewed from the production side.

From equation (1), the following model can be deduced and respecified within the context of the study as follows:-

$$Y = f(IED, HC, IMP) \quad \ldots\ldots(2)$$

This model when reduced to a regression model of

$$Y = f(IED, HC, IMP, U) \quad \ldots\ldots(3)$$

gives an estimable equation as follows:-

$$Y = \hat{\beta}_0 + \hat{\beta}_1 IED + \hat{\beta}_2 HC + \hat{\beta}_3 IMP \quad \ldots\ldots(4)$$

where subscription '^' i.e hat refers to "estimated" as accorded to the parameters. The variables are defined as:-

Y = Gross Domestic Product

IED = Federal Investment or Expenditure on Education

HC = Human Capital

IMP = International Import

U = Error Term

β_o = Constant

β_1 = Regression coefficient due to IED

β_2 = Regression coefficient due to HC

β_3 = Regression coefficient due to IMP.

While the parameter are β_o, β_1, β_2 and β_3. β_o is the autonomous Gross Domestic Product while $\beta_{1,2,3}$ to β_3 are the coefficients of the independent variables upon which Gross Domestic Product depend. It is assumed that Gross Domestic Product will move in the same direction with any of the independent variables. The coefficients are expected to be positive.

Though investment in education is an independent variable, it also depend on some other variable. Thus:-

$SED_t = f(Y, t, Pop, FCTR)$.....(5)

where SED = SEDC + SEDR

SED = FCT Investment in Education

SEDC = Capital Investment in Education in FCT

SEDR = Recurrent Investment in Education in FCT

t = Time

POP = School age population .

FCTR = Total revenue in FCT.

From this, the econometric equation is

$SED = \hat{\alpha}_o + \hat{\alpha}_1 FCTR + \hat{\alpha}_2 POP + \hat{\alpha}_3 Yt$ .....(6)

where t = 1985 = 1.

and $\hat{\alpha}_o$ = autonomous investment, in education, α_1 to α_3 are the coefficients of the independent variable upon which the Federal Capital Territory investment in education depends. An increase in any of the independent variables will lead to an increase in investment in education. However, school population may increase without an increase in Federal Capital Territory investment in education if revenue is minimal. This model is to capture the impact of the independent variables on Federal Capital Territory investment in education.

$\frac{SEDC}{SED} = f(FCTR, t, Y)$ ..... (7)

$\frac{SEDR}{SED} = f(FCTR, t, Y)$ ....(8)

From these model, the respective econometric equation are:-

$\frac{SEDC}{SED} = \hat{\lambda}_o + \hat{\lambda}_1 FCTRt + \hat{\lambda}_2 Yt$.....(9)

and

$\frac{SEDR}{SED} = \hat{\rho}_o + \hat{\rho}_1 FCTRt + \hat{\rho}_2 Yt$.....(10)

In equation (9), the ratio is to capture the influence of Federal Territory total revenue and the

Gross Domestic Product on Capital expenditure on education while equation (10) shed light on the same relationship but on recurrent expenditure ratio.

The respective parameters λ_0 and ρ_o are the autonomous ratios while λ_1, λ_2 and ρ_1, ρ_2 are the coefficients of the independent variable respectively A positive relationship is expected.

Another model that can be derived is

$$\frac{SED}{IED} = f(Y, T, pop) \quad \text{.....(11)}$$

Where the econometric equation is

$$\frac{SED}{IED} = \hat{\upsilon}_0 + \hat{\upsilon}_1 Yt + \hat{\upsilon}_2 pop_t \quad \text{..... (12)}$$

This ratio captures the shift of education expenditure towards the Federal Capital Territory as against other states as the nation economy grows. The $\hat{\upsilon}_0$ is the autonomous ratio of Federal Territory education expenditure to Federal Government education expenditure. The $\hat{\upsilon}_1$ and $\hat{\upsilon}_2$ are the coefficients of the independent variables. It is expected that a positive relationship exist in equations 9, 10 and 12 respectively.

5.5. PRESENTATION OF THE RESULTS

$Y = 328.44 + 0.0078$ IED ..... (4)
$S(\hat{\beta}_1) = 144.4 + 0.0013$
t ratio = 2.3 5.9
R^2 63.8%
F 35.25

Equation 6 presents the following results.

SEDt	=	-3.2	+	0.37 FCTR ..... (6)
$S(\hat{\alpha}_1)$	=		16.5	0.07
t ratio	=	0.20		5.30
R^2	=			77.9%
F	=			28.3

From equation 9 and 10, the following results are achieved:-

4a $\frac{SEDC}{SED} = 83.7 - 009FCTR - 0.00004Y$ ..... (9)

S (λ)	7.6	.008	.0006
t - ratio	10.9	-1.17	.69
R^2			76.9
F			11.7

$\frac{SEDR}{SED} = 16.3 + 0.009\ FCTR + .00004Y$ ..... (10)

S (ρ)	7.6	.008	.00006
t-ratio	2.14	1.17	.69
R^2			76.9
F			1.7

$\frac{SED}{IED} = 5.02 - .00002Y$ ..... (12)

S (ɤ) =	2.0	.000009Y
t-ratio =		
R^2 =	2.5	.7%
F =		5.5%

5.6 INTERPREPARATION OF THE RESULTS

The essence of this econom tric approach is to test the impact of expenditure in education on Gross Domestic Product and to confirm the relationship between the growth of Federal Territory education expenditure to increasing income - to Wagner's theory.

As presented in equations (2) to (12), the signs and values of the coefficients of the parameters give the existing relationship between the variables. The t - ratios, F- test and R^2 are used to test for the significance of the parameter estimates and the goodness of fit of the regression line. The signs are expected to conform with postulated ecocomic theory.

From equation 4, the expected result was that the sign and value should be positive and significant. From the emperical result, investment in education (IED) had a positive influence on the Gross Domestic Product. The coefficient is however low. The sign is positive indicating that a change in education investment (IED) will move the Gross Domestic Product towards the same direction. When investment in education is zero, the Gross Domestic Product has a value 328.44 which is the constant or autonomous Gross Domestic Product i.e. change in Gross Domestic Product that does not come from investment in education (IED).

The standard error, and the t-ratio are given in parenthesis. The t-value is greater than 2 which shows that the variable, investment in education is significant at a 5% level of significance. Thus, it well explains the variation in Gross Domestic Product. The R^2 value of

63.8% indicates that .64% variation in Gross Domestic Product is well explained by Federal Governemnt education investment.

The t-values of 5.9 at 5% level ($\hat{\beta}_1$ > t - Statistics) indicates the rejection of the null hypothesis because the true value of β_1 has a value different from zero ($\hat{\beta}_1 \neq$ O).

Equation 6 presents the impact of Federal Territory total revenue (FCTR) on the education expenditure in the Federal Territory. The expected result is positive and high. From the regressing result, the coefficient of the Federal Territory revenue will change the Federal Territory education expenditure in the same direction. Thus, as revenue increases, Federal Territory expenditure in education also increases. The autonomous Federal Territory education expenditure is negative i.e. changes in Federal Territory education expenditure resulting from some independent variable other than Federal Territory revenue.

The standard error and t-ratio are given in parenthesis. The t-value is greater than 2 which shows that the total revenue which is the independence variable is significant at 5% level i.e. that the variable (total revenue in Federal Territory) well explains the variation in education expenditure in the Federal Territory. The high value of the R^2 at 77.95% also supports that variation in Education expenditure is well explained by total revenue in the Federal Territory.

With the $\hat{\alpha}_1$ > t - statistics, the null hypothesis is rejected while the alternative hypothesis is accepted. Thus, α_1 has a true value different from zero ($\alpha_1 \neq$ o). At 5% level of confidence interval the value of $\hat{\alpha}_1$, lies between o.19 and 0.55.

Having presented the impact of revenue on education expenditure, it becomes necessary to see how much investment in education is allocated to the traditonal division of expenditure on recurrent and capital outlays, and the impact of the Gross Domestic Products on the ratio as well. Hence the ratio of Federal Territory Capital expenditure (SEDC) to total education expenditure is used (SED).

In equation 9 the expected signs are positive. However, the regression result indicated a negative value i.e. the coefficient and are negative though the autonomous ratio is positive and high.

The equation 9 and 10 have similar results except for the signs that are different because of the value of the variables used.

In equation 12 the ratio is to capture the entire shift of resources from other states to Federal Territory education development as the nation grows. The coefficient is negative and low while the t-ratio is also very low indicating that the independent variable is insignificant. The low R^2 implies that priority is not accorded to education in FCT even at Federal level.

5.7 THE RELATIONSHIP BETWEEN EDUCATION EXPENDITURE REVENUE AND GROSS DOMESTIC PRODUCT:- ITS IMPLICATION

EDUCATION AND GROSS DOMESTIC PRODUCT

The result of equation 4 suggest a low impact of education on the Gross Domestic Product. Thus, investment in education exerts a positive influence on the gross domestic product but it is statistically insignificnant. From the autonomous gross domestic product value, one can deduce that other sectors contributes more significantlly to gross domestic product. This can be attributed first to the complexities involved in measuring education gains. It was clear that all education gains cannot be quantified.

The low impact is not surprising because, it stems from both past and present prevailing pheomena in Nigeria economy. More importantly, is the post war period in the early 70's which called for the reconstruction, rehabilitation and reconciliation of the war damaged areas. This period however coincided with the emergence of the oil boom. There was a focus on educational development based on equity to build a united and stable economy.

As money was readily available, the need to access the sustainability of educational programme, the nations absorptive capacity and a well articulated financial policy were far fetched e.g the 1977 national policy on education was not different from the revised 1981 national policy despite the envisaged economic crisis presumed from the oil glit.

Unfortunately, the politicians came to destroy the educational system by compromising politics and standard, hence quality was lost. Education enrolment increased at all levels without cognisance of minimal education resource required. Student were admitted without minimal educational standard. All these sum up to mark the beginning of education failure.

The need to correct the gap yet did not arise, instead of trying to minimise the gap between education enrolment and resources by controlling demand through either (1) setting the minimum requirement higher at each level of education or (2) addressing the resource problem seriously, the government went further to introduce the Junior and Senior Certificate programme (6-3-3-4 programme) which required more fund and commitment. The Junior Certificate drop outs who were expected to have received vocational training that could make them to be self employed found it difficult to set up due to inadequate training. The drop outs were there fore either absorbed in their main school and made to repeat or seek transfer to another school.

Other reasons that could be advanced are belief, interest, family size etc. Some unknown talent could be hindered due to the belief people have against the highly educated or western

education. Lack of interest and environmental influence could kill the zeal to learn while it is pratically imposible to monitor the performance of children from large family size by their parents effectively. Also, schools with large population are difficult to manage effectively. These problems have hindered the nations level of technological development, productivity and economic activities. The ability of the nations Labour and Productivity to compete in the international market is limited. This has greatly affected the nation foreign receipts.

Moreso, the nation becomes vulnerable to all foreign problems and dictation such as inflation, and political intimidation. Another possible effect is that the traditional functions of the sectors, social, moral and economic norms are lost. The nation's ability to absorb manpower produced is been limited while the low national income make it impossible to sustain development programmes. Automatically, Nigeria becomes a traded economy of products it does not produce. Despite all these effects, one can conclude that there is a positive relationship between government spending ineducation and economic growth but such relationship is not well explored.

5.8 EDUCATION EXPENDITURE AND REVENUE

A large proportion of the Federal Capital Territory revenue comes from the Federal Governement while other revenue sources contributes minimally to its revenue. From the regression result in equation 6, it shows that investment in education is highly influence by the total revenue in FCT. This conforms with Wagner's theory because as income is increasing, expenditure on education is also increasing. There is a significant positive relationship between income and education expenditure.

However, the constant has a negative value indicating a low relationship between other sources contribution to education. This depicts that education expenditure is almost financed by the government while little fund is received from parents, philantropists, foreign aid etc. Such over dependence without supportive effort from the individuals minimises educational resources and quality. The use of obselet, unmaintained equipment and building cannot be avoided. Moreso, the public schools will not be able to lay down precedence on the minimum requirement of educational resources for private schools. Most private schools can therefore operate without minimum requirements yet charge excessively. There is need for government and the citizens to come together and decide on the ways of funding education to bail education from total collapse.

On a verbal interview conducted on parents contribution, one can infer that parents lack confidence in the financial management, standard and role of education. e.g. a parent said, paying money means enriching the authorities while education still remains as it is. Other reasons advance are low income and family size.

However, the high involvement of government on education can be attributed to the past political needs in the 1960's to educate Nigerians who would rule after independence. Despite government increasing role, the populace seem not to appreciate government effort. Some people have therefore suggested the handing over of old private and missionary schools to owners coupled with increased private involvement on educational development. Other have opposed this and blamed the government for not placing priority on education as proclaimed.

From the study of this work therefore, some questions come to mind that should be properly addressed such as; do all Nigerians need education? should education be a birth right? should government continue to bear eduation expenses and how can government provide adequately for educational resources?

The absorptive capacity and ability to sustain a programme matters in yielding an effective performance but the role of education in political, social and economic development have made education a paramount requirement, for the achievement of national goals. Education is therefore required by all if not only for economic motive but for social transformation and international relation. Thus, if education is required by all and natural wealth is not distributed evenly, it becomes reasonable for the government to take the provision of education its responsibility.

The structuralist economist argued for government intervention where the capitalist economy fails to correct the lag. Moreso, it is argued that government should invest in non-profit, social services sectors required by all as it involves huge amount of capital and private individuals could underinvest. This is not to say that government cannot go into profit oriented business.

It is highly believed that government can fund education if it choose to do so by diverting certain percentage of some sectoral allocation to education e.g. defense, introducing national education levy, launching education recovery fund, reinvesting education fund etc. With these, education resources will improve while strict discipline in financial management should not be underestimated.

5.11. IMPACT OF TOTAL REVENUE AND GROSS DOMESTIC PRODUCT ON EDUCATION EXPENDITURE ALLOCATION RATIO

From the result in equation 9, the negative value of the Federal Capital Territory total revenue coefficient implies a slow growth rate of capital development in response to increasing total revenue while the insignificant negative value of the Gross Domestic Product coefficient also indicates that there is an insignificant shift of resources from other states to the Federal Capital Territory education expenditure as the nation's economy grows. The high value of the constant depicts that other independent resources different from revenue or Gross Domestic Product which is allocated for capital development is significant. This could be attributed to the fact that most of such resources come in form of capital aids such as transportation facilities, equipment, construction etc.

In equation 10, though the value of the coefficients of the total revenue and the Gross Domestic Product are positive but they are insignificant. However, there is a faster response on the ratio of the Federal Capital Territory recurrent education expenditure to Federal Capital Territory total education expenditure as the total revenue and the Gross Domestic Product grows in equation 10 than in equation 9. Thus, the money spent on the up-keep of offices, students and salaries etc. responds faster than the money spent on equipment, construction of classrooms and workshops etc. as the total revenue and Gross Domestic Product increases. The plausible reason could be as a result of increase in salaries, employment policies, welfare packages and financial mismanagement.

The result of equation 12 shows that as the economy grows, the shift of education expenditure towards the Federal Capital Territory education is growing at a slower pace that is below average because as the gross domestic product grows, the return of education to Federal Capital Territory total education expenses and the Federal Government expenditure on education ratio decreases.

In comparing equation 12 and 4, it was noticed that despite the fact that investment in education exerts influence on gross domestic product, the gross domestic product on the other hand exhibits a slow insignificant impact on education. Thus, investment on education increases the gross domestic product but the return of gross domestic product to education is insignificant. It can therefore be concluded that though education increases economic activities but economic activities do not influence education.

Also, a look at equation 9, 10 and 12 depicts that much of the insignificant shift of

resources from the nation's economy for education development in FCT is directed towards recurrent expenditure. Thus, where capital expenditure grows at a slower rate than recurrent expenditure, students are bound to be lumped up into few classrooms with few equipment even when the staff strength is adequate. Moreso, theoretical teaching is either done without practical experience or with obsolete equipment. The effect is the production of half baked graduants at all levels of education.

5.12. CONCLUSION

Education plays a vital role in the development of Nigeria economy. Such importance has necessitated government involvement in the provision of fund, designing of curriculum content and evaluation of education performance. These responsibilities requires some amount of fund to function properly.

However, it was observed that there is overdependence on government for the provision of fund in the development of education. This over dependence has led to inappreciation of government contribution because of government financial limitation.

It is also noticed that the growing recurrent expenses over capital expenses has limited the general performance of education. This is no doubt generates unconducive reading environment and shortages of educational facilities as school enrolment problem is rooted on financial limitation. It is therefore strongly advised that more resources should be sought and allocated to education in order for Federal Capital Territory and the nation at large to develop.

CHAPTER 6

C O N C L U S I O N

This chapter summarises the findings of the study and makes recommendation that can help in improving resources to education sector.

It was observed that finance is the pivot and backup for all other policies. It therefore means that the ability of any programme to perform effectively depends on the availability of resources. In an attempt to explore the issue of finance, a quantitative approach was adopted to assess the influence of education on growth and the financial provision to manage education sector. A qualitative approach was also used to buttress the quantitative findings.

Going through the results in chapter 5, it was found that though education contributes to economic growth the return to education from economic growth is minimal and slow. More so, there is overdependence on government for the provision of education to attain such growth. This has created a gap between enrolment and educational resources which has led to un-appreciable performance in the education sector.

This implies that in the absence of adequate resources, Nigeria education system is not an effective stimulant but a weak source of economic growth. The problems of resources to education was ever envisaged by coombs and Hallack (1975) when they observed that the future problem of educational planners is how to provide resources for educational development.

This research is undertaken mainly to examine the growth of financial resources to education as its revenue increases. Moerso, the inadequacy of such resources were examined qualitatively to suggest possible ways of improving its resources.

In order to do this, the study has tried to reexamine educational policies and the extent of financial provision by the government. This has become necessary because of educational system failure to meet up to its expectation.

Following the qualitative analysis in chapter 4, it was observed that there are no special fund allocated to education as education sector competes with other sector of the economy from budgetary allocation. More so, the traditional budgeting system which allows for additional allocation to all sectors irrespective of their performances and contributions has made it difficult for education to receive a reasonable increase in its allocation.

In the Federal Capital Territory the percentage growth of money allocated to education from the budgetary outlay is virtually very low. More so, the effect of declining Federal Government revenue extends to the Federal Capital Territory total budgetary allocation and invariable to the education sector allocation. This is observed from the yearly subvention to the Federal Capital Territory. The territory in fact depends solely on the Federal Government for its expenditure because the internally generated revenue is minimal. However, this could be improved as the tax base is not fully explored.

Although the percentage growth of education expenditure is low, there is quite a proportionate change or increase in the yearly allocation. This increase is mainly directed to staff employment as evident in the impressive student-teacher ratio. This ratio is however deceptive, because the census of each school indicated that some schools are very much overpopulated.

It is argued that much of the increase in government allocation to education is absorbed by high cost. The high cost could not have been the main reason of growth in the education expenditure because other factor such as increasing school enrolment, mismanagement and yearly evaluation of uncompleted projects contributed to educational financial problem.

The response of private contribution to education is very minimal. Though government investment in education act as a catalyst to private sector performance through the provision of Labour Force and improved individual economic and social welfare, the private sector is not willing to contribute to educational development. It is believed that it is uneconomical to extend investment in such social services because it adds to cost. However, no study have shown the profitability of such investment by firms.

The lack of continuity in the government policy has also limited private sector participation in education development e.g. the taken over of private schools and the current agitation for private involvement in education development. One should equally not loose sight of the ill equipped structure of the education system which discourages individual from investing in their children's education. e.g. the 6-3-3-4 is seen as wasteful investment for a child to stop education in Junior Certificate if he could not make a living with it.

Despite all these problem, the government has always tried to support education financially. The present economic crisis has call for the need for the government to reoriented individual attitude towards the contribution and commitment of education development. Most

government policies have not seriously addressed the educational financial problem. More so, following the analysis in chapter 4, and the historical set-out in the territory, one can conclude that education is not given priority.

The literature review showed clearly the role of government in education development and the need for an educated environment. It is quite wise therefore to recognise the importance of other qualifiable impact of education and its influence on economic growth. But effort to include such qualitative nature have been hampered by the inadequacy of economic tools which tends to concentrate on the quantifiable variables. It is however, obvious that social and political gains are improved through education, as they equally influence educational development and economic activities e.g. a country with a good social welfare and political stability stand to attain better education performance and advancement because part of the defense expenditure could be shifted to education as the state stabilises.

From the literature also, the report on the provision of education in Nigeria warned seriously about education expansion at all levels. Education development was advised to be a function of available resources and need. The presumed technological advancement and oil boom had erased such fact from our educational pursuit. Hence, the question: what level of education will improve the general welfare of individuals, what number is required for technological advancement, what is the limit of government participation at each level are unaddressed in the educational policies. These have led to the slippery financial assistance that is unattainable.

The on-going discussion warrants the suggestion of some policy measure that will increase education resources and enable education to stimulate development in the territory and nation at large.

Firstly, the estimated school population should be known while estimated revenue be properly monitored.

The Economic Planning Unit in conjunction with the legal Department should design the fiscal powers and expand the tax base of the Federal Capital Territory. The modalities of payment and method of sharing among sectors should be clearly stated. The performance of the existing source should be re-examined to avoid fraud.

A uniform Parent Teachers Association and education development levy should be introduced. The development levy should be based on the flat rate basis by every individual and paid annually.

To check evasion, such receipt should be presented in lieu of three years before students admission, registration and on examination by parents.

All new educational policies should attract the launching of Educational Recovery Fund. Some educational infrastructures should be provided by the vocational, technical and polytechnic colleges where necessary.

Apart from the 2% Income Tax of companies, the Value Added Tax revenue, Toll Gate fees and other nationally or Federally collected revenue should remit certain percentages to educational sector. e.g the Petroleum Trust Fund.

An educational financial policy should be designed to touch on every receipts and expenditure. The philanthropic donation and external aids should also be properly receipted. The accounting and auditing procedures be made clear while visible auditing are done where necessary. The auditing panel should include members of the Parents Teachers Association, Students representatives, a representative from any reputable accounting firm to minimise fraud. A financial management department should be established.

All educational payments and donation be made to the Federal Government. This suggests that a national education account be opened for all federally education receipts and a state education account for all state receipts coming from fees and Parents Teachers Association contribution only. The disbursement of both accounts should be subject to stated unambiguous policy. Punishment to be meted on any defaulting officer should be stated and strictly adhered to.

All states should introduce annual financial report magazine that gives the financial account of each school.

We should now briefly mention a few implications of the findings in this thesis. First, Federal Capital Territory must proceed with caution as it comes to live with a pattern of relying on the Federal Government for more than 70% of its revenue. The Federal revenue is mainly oil money, and historical experience here and elsewhere shows that this is an erratic source of revenue. Federal Capital Territory should minimise its dependence on the Federal source of

revenue so that it does not become too dangerously vulnerable to fluctuations in Federal Revenue. The Federal Capital Territory should in fact make certain efforts to expand internal sources of revenue.

The findings suggest the need for an enhanced efficiency in the management and control of public expenditure so that recurrent expenditure does not exceed a desirable level. The policy message is that the tendency of recurrent expenditure to rise too rapidly should be curbed.

The past policies to improve educational funds need to be readdressed to enhance clarity on issues as, who the tax payers are, when and how to collect it. Seminars on Education Bank should not only address its immediate sources of revenue but also the possibility of sustaining and managing it properly. In fact, education resource problem is not un associated with unsound accounting procedures.

Sustained educational development cannot be maintained without a sound accounting and auditing of educational infrastructure-finance and equipment. The financial management department should review and identify issues not adequately represented in the financial statements. Infact, a governing body should oversee the auditors report and investigate issues where necessary.

It is hoped that if these policy recommended are implemented, education will certainly facilitate development, reform the social and political trend positively and generally identify fully with its expectations.

PERCENTAGE CONTRIBUTION TO RECURRENT REVENUE BY ITEM IN FCT

TABLE 1

Year	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Taxes	-	-	-	-	2.20	.92	.25	.3	0.01	.1
fines and Fees	2.03	1.78	1.38	1.50	1.59	.95	2.49	2.9	3.9	15.7
Lincences	2.4	2.11	1.73	0.96	0.82	.28	.19	.23	.15	.23
Earnings and Salves	1.83	1.61	1.15	3.61	3.11	.25	.14	.21	.20	.20
Rent on Government Property	0.81	0.17	0.82	1.45	1.16	.84	0.73	1.00	0.56	.29
Interest, Repayments & Dividends	0.05	0.05	3.26	2.81	5.21	1.31	0.64	0.68	0.34	.36
Reimbursement	-	-	0.17	0.16	0.19	2.07	0.95	1.50	0.07	.03
Recurrent Subvention	29.3	14.19	-	-	-	-	-	-	-	-
Statutory Allocation from Federal Government	63.6	65.35	66.13	68.37	81.34	92.74	94.61	93.2	94.49	69.99
Miscellaneous	-	14.19	25.34	21.13	4.38	0.64	10t	10t	0.13	0.12
Value Added Tax										12.98

SOURCE: FCT ANNUAL BUDGET 1985 - 1994

PERCENTAGE CONTRIBUTION TO CAPITAL REVENUE BY ITEM IN FCT.

TABLE II

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Opening Bal. on CRF/Miscellaneous	-	34.8	26.0	18.9	5.5	-	26.0	30.5	8.9	34.2
Transfer to Capital Development Fund	38.9	18.7	16.1	25.9	15.3	30.6	44.0	27.0	18.2	13.7
Internal Loans	1.2	1.7	1.3	10t	28.4	10t	10t	10t	10t	10t
External Loans	-	10t	17.3	16.8	.30	32.5	10t	10t	10t	10t
Capital Subvention Granst from Federal Govt.	59.8	44.8	39.2	38.4	24.3	36.9	30.0	42.5	72.9	52.2

SOURCE: **FCT ANNUAL BUDGET (1985 - 1994)**

PERCENTAGE GROWTH RATE OF CAPITAL, RECURRENT REVENUE AND EXPENDITURE IN FCT

TABLE III

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Captial Revenue	-	202.4	29.3	3.5	38.1	11.9	11.8	-8.2	104.0	6.1
Recurrent Revenue	-	13.6	8.3	40.2	-15.2	165.6	29.2	-23.7	57.9	13.3
Capital Expediture	-	15.3	17.7	5.3	40.2	11.7	10.4	-8.2	196.9	-45.1
Recurrent Expenditure	-	2.7	57.1	2.4	8.1	202.5	-13.6	27.5	80.8	35.7

SORCE: CALCULATED FROM FCT ANNUAL BUDGET 1985-1994

TABLE IV: PERCENTAGE BUDGETRY ALLOCATION BY DEPARTMENT

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Minister & Minister's Office	5.9									
Executive Secretary's Office	-	2.9	1.6	0.7	1.2	1.3	2.2	1.4	1.6	1.2
Internal Audit	.4	.5	.3	.4						
Finance & Economic Planning	2.8	2.0	2.1	2.2	2.4	1.6	2.8	2.3	2.7	2.4
Cooperate Affairs	-	2.8	2.4	-						
Administration	-	4.6	3.1	4.0	4.6	2.8	13.5	4.6	4.2	4.7
Agriculture	2.6	1.5	1.5	1.6						
Education	15.2	19.4	16.0	15.5	16.2	8.7	14.2	13.8	12.3	21.5
Health	9.3	6.6	5.9	5.2	6.8	6.3	10.1	11.4	13.5	12.5
Judiciary	1.7	2.4	-							
Legal	.5	.42	.4	.3	N.A	.2	.5	.6	.4	.5
Local Govt. Admin.	1.5	.9	1.3	4.0	3.8	-	-	-	-	-
Building	-	3.5	2.6	-	-	-	-	-	-	-
Engineering Services	-	3.6	2.3	-	-	-	-	-	-	
Elect. & Mech. Engineering Services	-	2.6	2.2	4.2	4.2	3.2	4.7	7.2	5.6	7.3
Land and Survey	-	2.4	2.5	2.4	2.3	2.4	3.1	3.0	3.6	3.6
Consolidated Revenue Fund Charges	.3	5.3	1.1	1.1	11.0	44.7	5.1	4.4	7.3	3.6
Maintenance	-	-	-	-	-	-	3.2	3.0	3.5	-
Public Works	-	-	-	4.6	3.9	2.5	3.4	4.9	4.8	3.1
Estate & Quartering	2.8	1.2	1.2	-	-	-	-	-	-	3.2
Overhead Cost	57.2	36.6	53.1	52.3	43.6	26.6	47.4	43.6	40.5	39
										39.6

SOURCE:FCT ANNUAL BUDGET (1985 -1994)

PERCENTAGE OF CAPITAL EXPENDITURE BY SECTOR IN FCT

TABLE V

YEAR	ADMINISTRATION	ENVIRONMENTAL DEVELOPMENT	ECONOMIC SERVICES	SOCIAL SERVICES	% SHARE OF EDUCATION SECTOR FROM SOCIAL SERVICES ALLOCATION
1985	18.6	52.8	22.7	6.0	54.0
1986	26.2	47.7	12.9	13.2	64.5
1987	22.5	45.9	18.3	13.4	53.0
1988	25.5	42.9	22.3.	9.4	69.7
1989	33.6	36.6	21.6	8.1	63.4
1990	30.1	43.4	13.7	12.8	35.5
1991	29.8	38.6	18.1	13.8	35.2
1992	50.2	26.5	15.9	7.3	50.8
1993	47.5	35.1	13.6	4.3	50.9
1994	29.5	50.9	10.0	9.5	42.9

SOURCE: CALCULATED FROM FCT ANNUAL BUDGETS 1985 - 1994

TABLE VI

YEAR	TOTAL BUDGETARY OUTLAY IN F C T		BUDGETARY ALLOCATION TO *EDUCATION DEPT*			CAPITAL EXPENDITURE ON EDUCATION			RECURRENT EXPENDITURE ON EDUCATION		
	AMOUNT	GROWTH RATE	AMOUNT	%	GROWTH RATE	AMOUNT	%	GROWTH RATE	AMOUNT	%	GROWTH RATE
1985	354159910	49.4	19211860	5.4	-	13379000	69.9	-	5832860	30.40	-
1986	528947940	49.4	48338810	9.1	151.6	40683000	84.2	204.1	7655810	15.8	31.3
1987	624538560	18.8	49923490	7.1	3.3	40000000	80.1	-1.7	9923490	19.9	29.6
1988	728430000	16.6	48806510	6.1	-2.4	39000000	79.9	-2.5	9806510	20.1	-1.2
1989	959485260	31.7	54335270	5.6	11.3	43186600	79.5	10.7	11148670	20.5	13.7
1990	1135986000	18.4	58041240	5.1	6.8	40000000	68.9	-7.4	18041240	31.1	61.8
1991	1483428528	30.6	75492450	5.1	30.0	50000000	66.2	25.0	25492450	33.8	41.3
1992	1139576700	-23.2	64774500	5.7	-14.2	33222000	51.5	-33.6	31552500	48.5	23.8
1993	2266984940	98.9	111482400	5.0	72.1	60645120	54.4	82.5	50837280	45.6	61.1
1994	2314107890	2.0	203972715	8.8	83.0	8325400	40.8	37.3	12071815	59.2	137.5

SOURCE: FCT ANNUAL BUDGET 1985 -1994

COST OF STUDENT PER ANNUM IN FCT BY THE GOVERNMENT

TABLE VII

YEAR	RECURRENT EXPENDITURE	STUDENT ENROLMENT	COST PER STUDENT	STUDENT ENROLMENT PERCENTAGE GROWTH RATE OF COST.
1985	5832860	11112	524.9	-
1986	7655810	12144	630.4	20.1%
1987	9923490	19518	508.4	-19.3%
1988	9806510	20632	475.3	6.5%
1989	11148670	26801	416.0	-12.5%
1990	18041240	27276	661.4	59.0%
1991	25492450	28980	879.7	33.0%
1992	31552500	29346	1075.2	22.2%
1993	50837280	33131	1534.4	42.7%
1994	120718715	41341	2920.1	90.3%

SOURCE: CALCULATED FROM FCT ANNUAL BUDGET 1995-1994

TABLE VIII

YEAR	ENROLMENT IN FCT SECONDARY SCHOOLS		NO.OF TEACHERS		NO.OF CLASSROOMS		ESTIMATED POLPULATION BY AGE (S.A)	ENROLMENT PER NO. OF SCHOOLS		AVERAGE NO. OF TEACHERS PER SCHOOL
		GROWTH RATE	NO	RATIO	NO	RATIO		NO	RATIO	
1985	11112		319	35.1	252	44.1		15	740.1	22.1
1986	12144	9.0	485	25.1	288	42.1		20	607.1	25.1
1987	19518	61.0	658	30.1	354	55.1		25	781.1	27.1
1988	20632	5.7	778	27.1	519	40.1		25	826.1	32.1
1989	26801	30.1	889	30.1	549	49.1		26	1031.1	35.1
1990	27276	1.8	1025	27.1	565	47.1		27	1010.1	38.1
1991	28987	6.3	1542	19.1	585			27	1074.1	58.1
1992	29346	1.2	1681	18.1				29	1012.1	58.1
1993	33131	12.9	1782	19.1				32	1035.1	56.1
1994	41341	24.8	2210	19.1	673	62.1		34	1215.1	65.1
1995	41594	.6	2520	17.1				35		

1/. **The ratio of enrolment to classrooms,**

2/. **The ratio of enrolment to Teachers**

FCT RECURRENT REVENUE ₦ MILLION 1985-1994

APPENDIX 1

YEAR	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Taxes										
Fees and Fines	-	-	-	-	4.1	4.5	1.6	1.3	.8	.7
Lineences	2.5	2.6	2.1	3.3	2.9	4.7	15.7	14.1	30.1	135.7
Earnings and Sales	3.0	3.0	2.7	2.1	1.5	1.4	1.2	1.1	1.2	1.9
Rent on Govt. Sales	2.3	2.3	1.8	7.9	5.7	1.2	.9	1.0	1.5	1.7
Rent on Govt. Propety	1.1	1.1	1.3	3.2	2.2	4.1	4.6	4.8	4.3	2.5
Interest, Repayments & Dividends	.06	.07	5.1	6.1	9.6	6.3	4.0	3.3	2.6	3.1
Reimbursement	-	-	.3	.4	.4	10.1	6.0	7.1	.6	.2
Recurrent Subvention	37.0	20.3								
Statutory Allocation from Fed. Govt.	80.3	93.7	102.6	148.7	150.0	454.2	598.7	450.0	720.0	604.0
Miscellaneous	-	20.3	39.3	46.0	8.1	3.1	10t	10t	1.0	1.0
										112.0

SOURCES: FCT ANNUAL BUDGET 1995-1994

CAPITAL REVENUE (₦ MILLION)

APENDIX II

YEAR	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Opening Balance on Consolidation Revenue Fund/Miscellaneous.		150.0	150.0	112.6	45.0		267.6	286.6	170.0	696.0
Transfer to Captial Development Fund.	57.5	83.2	93.1	154.7	125.8	281.9	453.1	253.9	348.5	279.1
Internal Loans	1.8	7.5	7.5	10t	234.0	10t	10t	10t	10t	10t
Capital Subvention/Grants	88.2	10t	100.0	100.	229.0	300.0	10t	10t	10t	10t
Special Grants		200.0	225.9	229.0	200.0	340.0	309.5	400.0	1400.0	1060.0

SOURCE: FCT ANNUAL BUDGET 1985 - 1994.

APPENDIX III

YEAR	EXPENDITURE ON EDUCATION (₦ MILLION)	G.D.P (₦ MILLION)
1970	6.2	5205.1
1971	8.6	6570.7
1972	28.6	7308.3
1973	26.7	10990.7
1974	196.9	18298.3
1975	850.0	20957.0
1976	1051.2	26656.3
1977	504.1	31580.0
1978	826.6	34540.1
1979	667.1	41947.7
1980	1238.5	49632.3
1981	930.0	50456.7
1982	924.2	51570.0
1983	956.0	56179.7
1984	745.5	63006.3
1985	823.4	71368.1
1986	875.2	72128.3
1987	448.7	106883.2
1988	1786.7	142678.4
1989	3399.3	222457.7
1990	2262.3	257873.0
1991	1553.3	285630.0

SOURCE: CENTRAL BANK OF NIGERIA STATISTICAL REVIEW AND BULLETIN 1992.

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