

2017 Federal Government Education Budget



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Sources: Budget Office, TEFUND,UBEC , National Bureau of Statistics, NBS BudgIT Research

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Background

The Federal Government spending on education relative to its total expenditure has fallen from 2013 high to 7.53% to a low of 6.65% in 2016. In 2017, the government is allocating N455.41bn or approximately 6.1% of federal government's budget to the Ministry of Education. The biggest proportion of the funds will be expended on the recurrent items while N56.72bn will go into capital expenditure

Nigeria's population growth is putting pressure on the country's resources, public services, and infrastructure. With kids under 15 years of age accounting for 45 percent of the 171 million population, the burden of education has become overwhelming.

Primary school enrollment has increased in recent years, but net attendance is only about 70 percent. Nigeria still has 10.5 million out-of-school children - the world's highest number. Sixty percent of those children are incidentally residing in the northern part of Nigeria.

About 60 percent of out-of-school children are girls. Many of those who do enrol drop out early. Low perceptions of the value of education for girls and early marriages are among the reasons. Some northern states in the urge to reduce the numbers of out-of-school children are introducing laws requiring education of girls and prohibiting their withdrawal from school. Girls' primary school attendance has been improving, but this has not been the case for girls from the poorest households.

The numbers of pupil depending on public primary school are billed to rise significantly due to demographic pressure and to flatten economic opportunities. Significant investment will be needed to improve the quality of staff teaching in primary schools. Out of the 574,578 primary school teachers in 2014, only 386,970 are qualified to teach showing that there is a gap in the quality of skilled personnel in the primary education system. Teacher to pupil ratio is about 1: 40 which is higher than the desirable goal of 1: 10. A lower teacher to student ratio is important if



Nigeria hopes to compete in the knowledge powered economy.

In 2014, the total public Junior Secondary Schools in Nigeria was 11,651. Over 4.4million students depend on public junior secondary school for primary education. Infrastructure is inadequate at the school infrastructure only have 88,928 classrooms. That puts the total student to class ratio at 1:50. Also, the public junior secondary school system depends on the services of approximately 170,628 teachers which puts the teachers to pupil ratio at 26 slightly higher than 2013 figure of 25. Nigeria will have to invest more to improve the numbers.

The junior secondary education just like the primary school lacks enough funding even with the UBEC grants. Due to the inability of some states to meet up with the matching grants. In 2013/2014 only 29 states; in 2015 only 19 states; and in 2016 just two states (Borno and Rivers state only) accessed the UBEC grant. If there's adequate funding for the junior secondary education, the number of out-of-school children will significantly reduce.

The situation in senior secondary school is not any different. Failure rate remains above acceptable threshold despite improvement in the last three years. About 41% of candidates registered for the WAEC in 2017 did not obtain minimum of credits in five (5) subjects and above, including English Language and Mathematics. Interestingly, 13.8% of the 1,567,016 that sat for WAEC was alleged to be involved in examination malpractice

Access to higher education in Nigeria remains inadequate. In 2015, only 415,500 candidates got admitted out of the 1.42million applicants. The Number keeps growing due to the demographic structure of the Nigerian population. In 2016, out of the over 1.5million applicant, only 9,656 applicants elected to get into a private university while the others elected to undertake their high education in public institution. With very little skill provided outside the formal higher education structure, it is critical for the



federal government to step up its funding for the sector if Nigeria hopes to close the access gaps.

For students that can not get into the tertiary education system, the other pathways to knowledge through vocational training do not exist. The Nigerian economy is in dearth need of technical skills like bricklayers, welders, mechanics, laboratory, electricians and skilled vocational nurses.

There is also a disconnection between the quality of education being delivered in the Nigerian school system and the educational needs of the economy and society. Research and research infrastructure critical to identifying the abnormalities and fracturing lasting solution for the overall economic well-being of Nigeria is non-existence. Intervention funds including UBEC and TETFund are failing to close the rapidly expanding gaps.

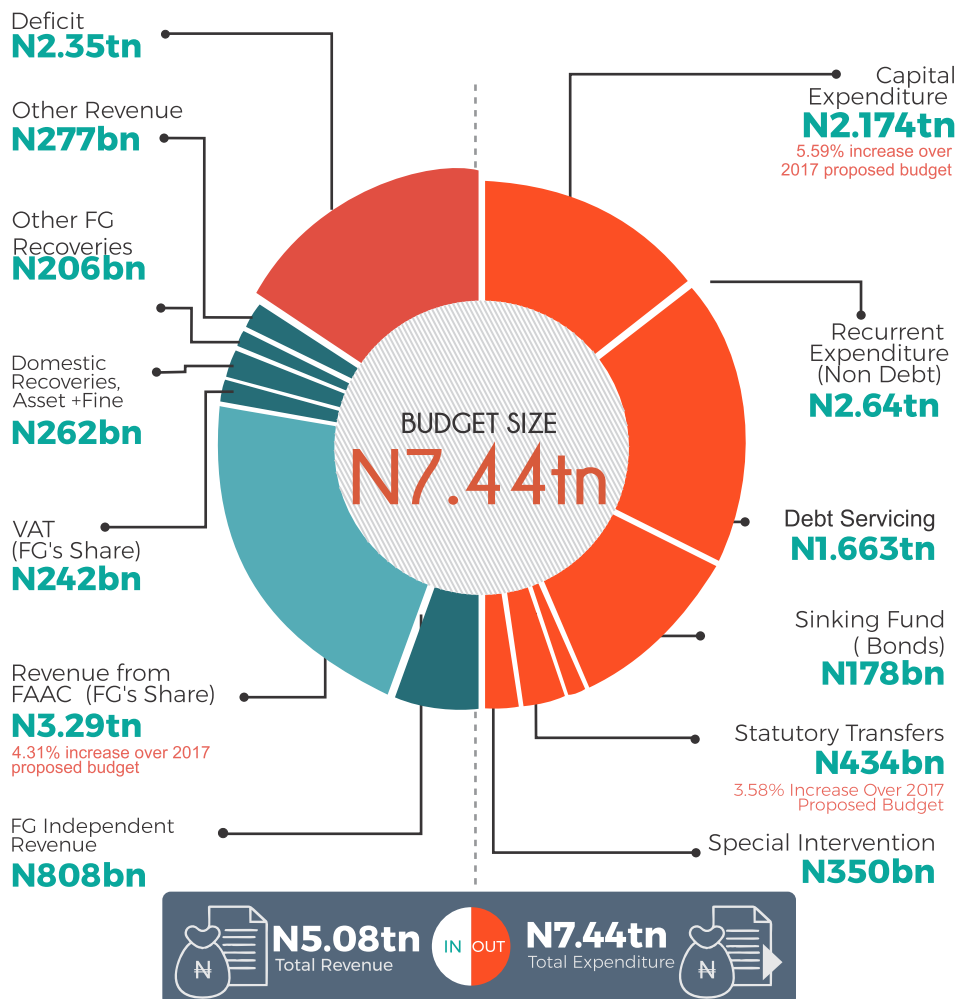
The paper seeks to understand the 2017 budget of the federal government with a strong focus on identifying the gaps in the 2017 education-related Allocation.



OVERVIEW OF THE 2017
FEDERAL GOVERNMENT
SPENDING PLAN

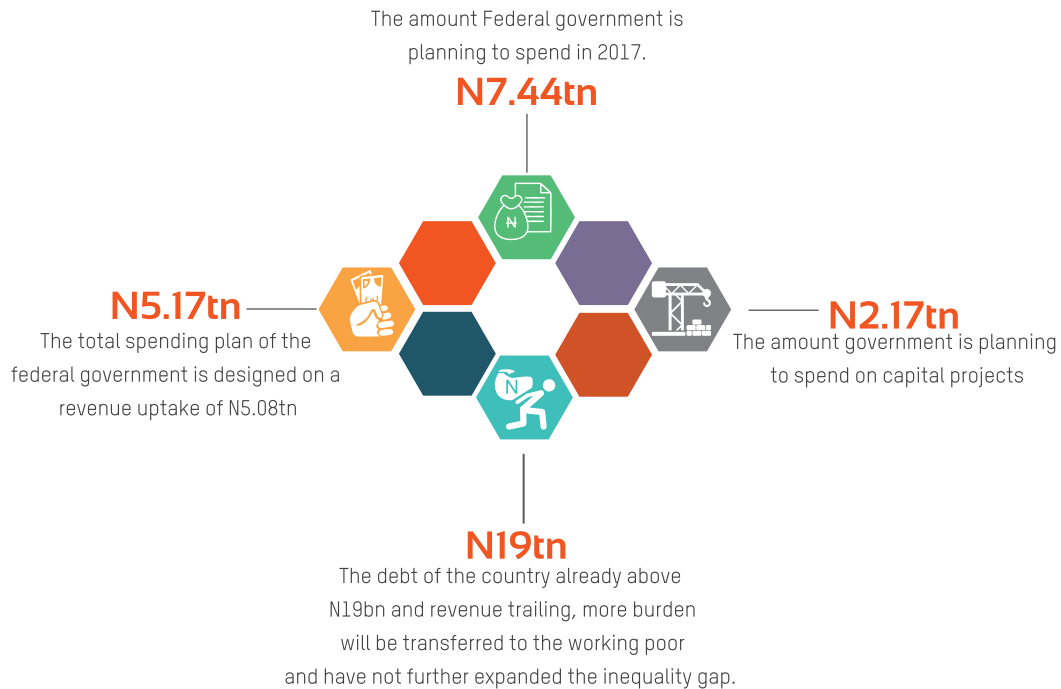
FG 2017 APPROVED BUDGET

FISCAL FRAMEWORK



Source: Budget Office

Key Point: Overview of the Budget

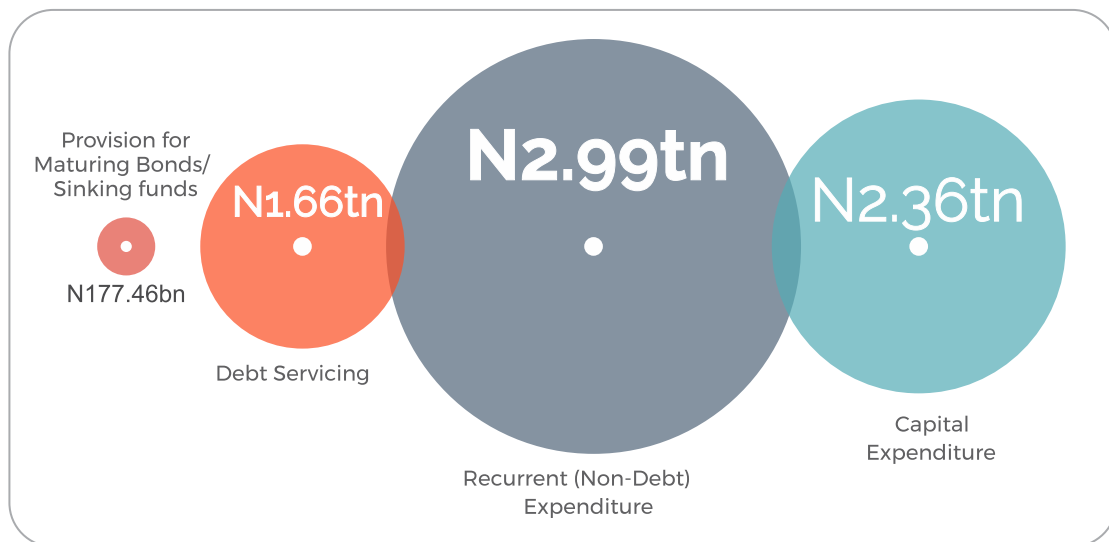


- The Federal government is planning to spend N7.44tn in 2017.
- The government is planning to spend N2.17tn or 29% of its expenditure on capital projects while the balance will be devoted to recurrent items including Debt servicing, personnel costs, and overheads.
- The total spending plan of the federal government is designed on a revenue uptake of N5.08tn which comes is a 93.9% increase over 2016 actual revenue. The federal government revenue in 2016 was N2.62tn, down from 2015 level of N2.78tn.
- The Federal government is borrowing heavily to meet its recurrent expenditure obligations. With the debt of the country already above N19tn and revenue trailing, more burden will be transferred to the working poor and have not further expanded the inequality gap.

ACTUAL SPENDING STRUCTURE

N7.44tn

Total 2017 Budget



Source: Budget Office

Top Budgetary Allocations to Federal Ministries

Budget Allocations to Ministries, NGN Billions

Top Ministries	2016	2016
Power, Works & Housing	456	586.34
Interior	513	536.36
Defence	443	469.84
Education	480	455.41
Health	257	308.46

Difference between proposed and Approved Budget, NGN Billions

Top Ministries	Proposed Budget(2017)	Approved Budget(2017)	Changes
Power, Works & Housing	564	586.34	22.34
Interior	545	536.36	-8.64
Defence	465	469.84	4.84
Education	448	455.41	7.41
Health	304	308.46	4.46

Breakdown of 2017 Budgetary Allocation to Ministries, NGN Billions

Top Ministries	Recurrent Expenditure	Capital Expenditure	Total
Power, Works & Housing	32.8	553.7	586.5
Interior	472.6	63.8	536.4
Defence	330.5	139.3	469.8
Education	398.7	56.7	455.4
Health	252.9	55.6	308.5



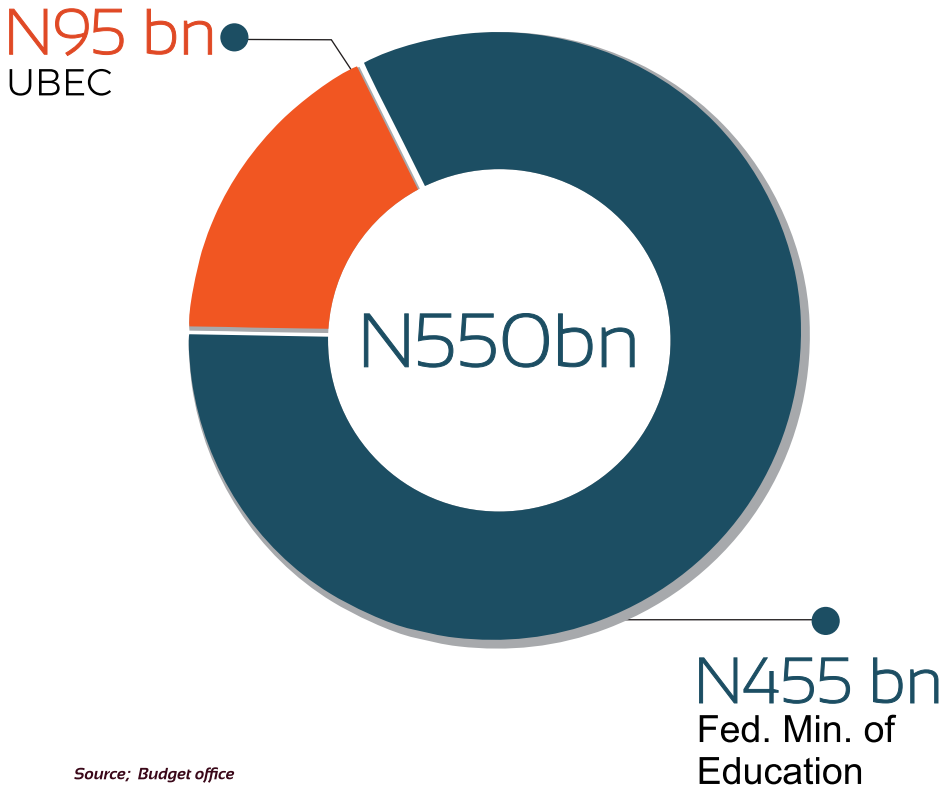
EDUCATION BUDGET ANALYSIS



Allocation: Education Sector

A scan at the Approved 2017 budget shows that the education sector should receive approximately N550bn, representing 7.39% of the total Federal Government budget for 2017. Other allocations considered in this sector include allocations made under the universal basic education fund.

Total Allocation to the Education Sector



Source; Budget office



Universal Basic Education Funds

In 2017, allocation to the Universal Basic Education Funds is N95.19 bn up from 2016 figure of N77.11bn a 23.44% increase. With over N115bn allocated to the National Assembly, One will expect that the allocation basic education will dwarf that of the National Assembly given the enormous amount of challenges in the sector.

Federal Ministry of Education

Despite deficiencies in education service delivery, allocation to the federal ministry of education was reduced by N28bn or 5.8% in 2017 to N455bn down from 2016 level of N483bn.

28bn

there was a decrease of N28bn in the allocation to the education sector



Source; Budget office

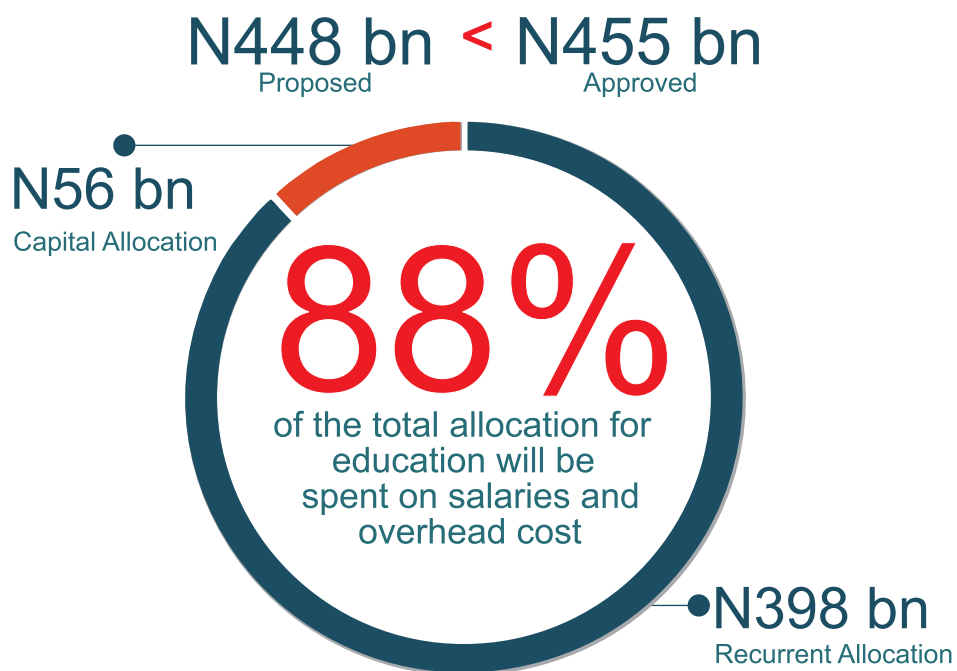
Key Observations

The amount would have been smaller as the executive budget Proposed budget called for a spending of approximately N448bn. The National Assembly, however, increase the budget by N7bn after review.

Notwithstanding, 88% of the approved spending plan for the ministry of education with go into recurrent items including the payment of salaries



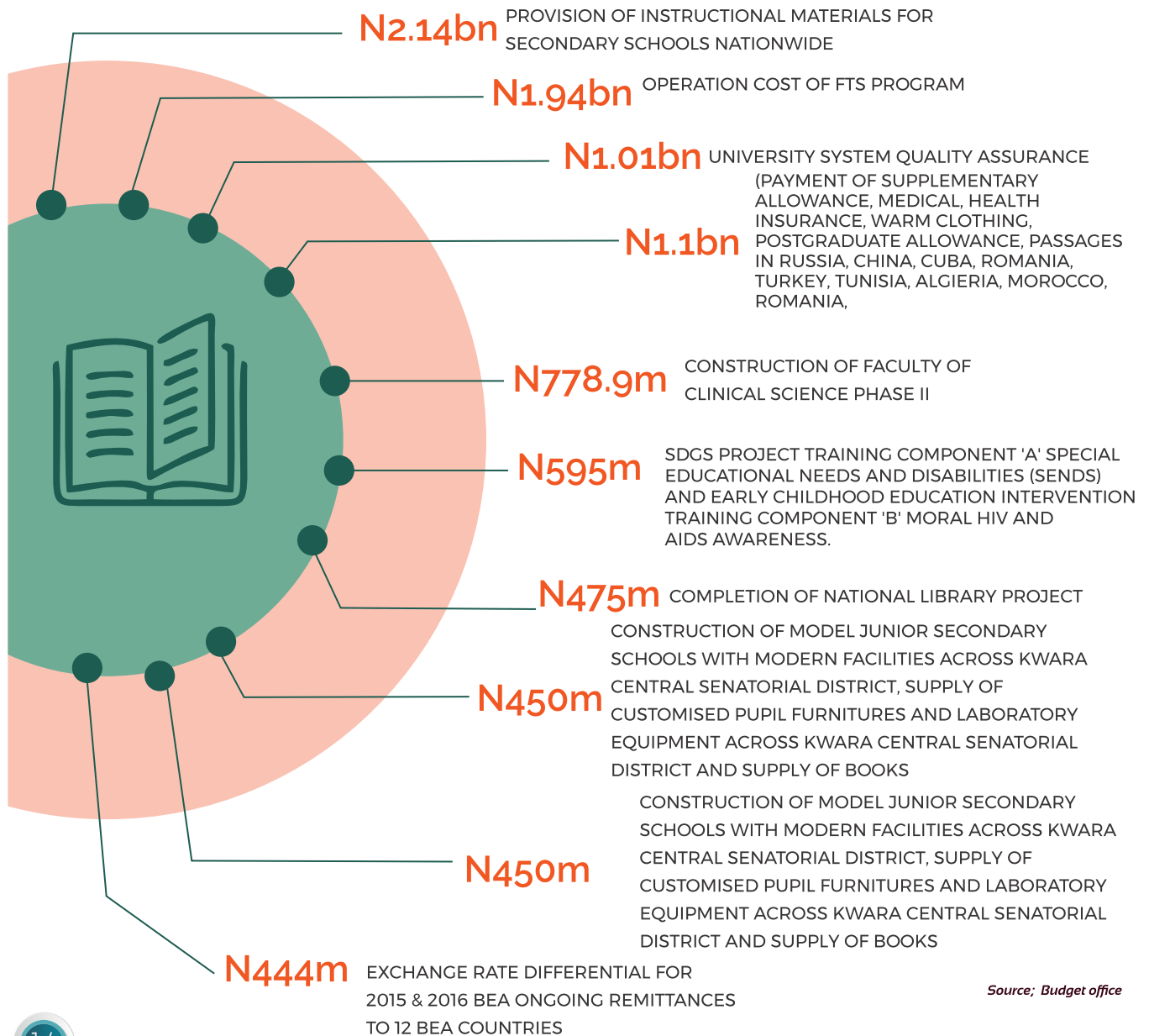
and emolument of government workers, overhead cost among others. N56bn will go into capital items



Source: Budget office

TOP PROJECTS

Federal Ministry of Education



Source: Budget office



Recurrent Expenditure

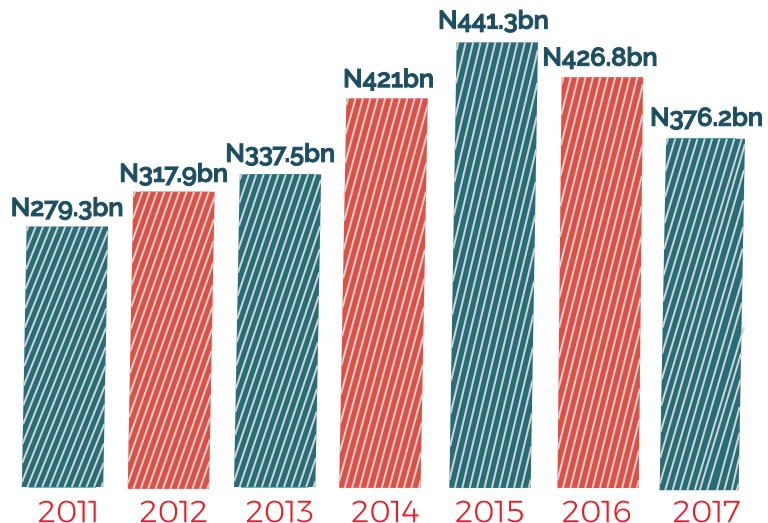
Recurrent Expenditure continues to dominate education-related spending given that the sector is service oriented. The recurrent expenditure component at the ministry of Education is projected at N398bn or 88% of allocation in 2017.

Breakdown

Personnel Cost

The Personnel cost component of the ministry of education's budget has been declining steadily since 2015. In 2017, a provision of N376.2bn was made down from 2015 peak of N441bn Allocation continue to decline despite growing agitation for increased teacher's welfare among others

In 2017, approximately 83% of allocation to the Federal Ministry of Education will go into the settlement of salaries and emolument of the workers under the supervision of the ministry.

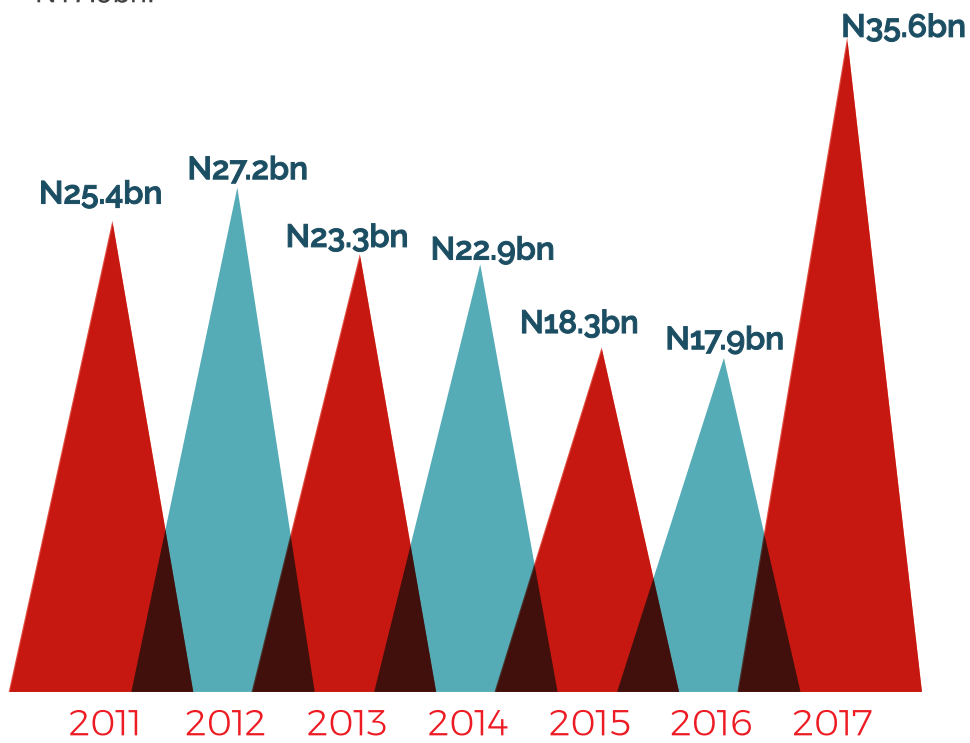




Overhead Cost

The overhead cost of running the ministry of education and other agencies and departments under the direct supervision of the ministry increase from N17.9bn in 2016 to N35.6bn in the fiscal year 2017. The 98.9% jump in overhead cost raise serious questions about the cost of government and cost of governance in general.

Since 2012, the associated overhead cost of the ministry has been in steady decline dropping from 2012 level of N27.2bn to 2016 low of N17.9bn.



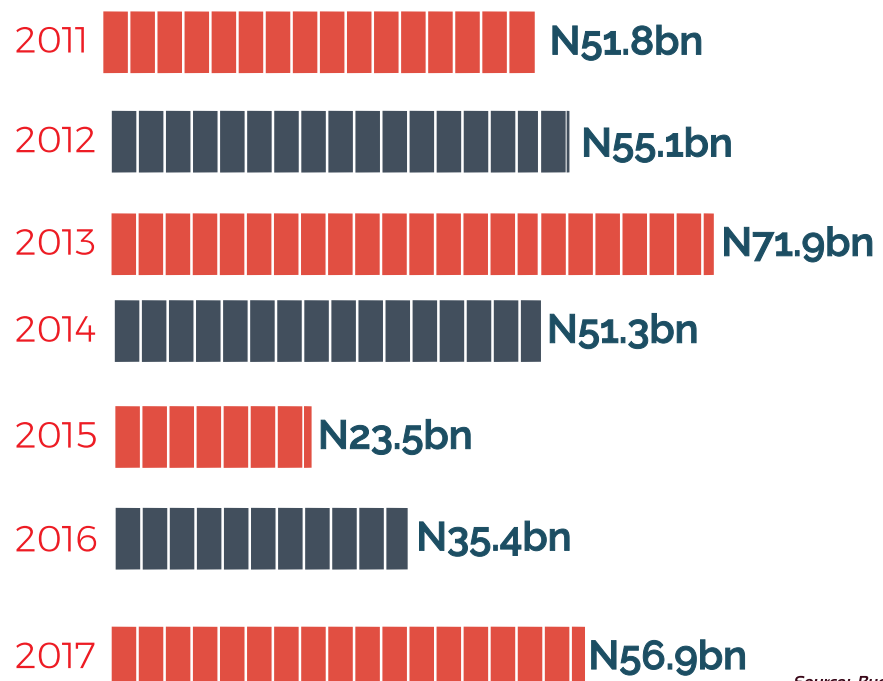
Source; Budget office



Capital Allocation

Given that significant investment is needed if Nigeria hopes to close the knowledge gaps and rework our education infrastructure. The government also needs to improve capital spending on infrastructure if Nigeria hopes to raise the share of the population with post-secondary education.

In 2017, N56.9bn was allocated for capital projects is up from 2015 austerity allocation of N23.5bn. Appropriations in 2016 were N35.4bn. Beyond the allocations, Capital expenditure has always suffered more when government fails to fully implement the budget given that salaries of government workers, the overhead cost of running the machinery of government and cost of servicing debt take priority regarding obligation settlement.



Source; Budget office



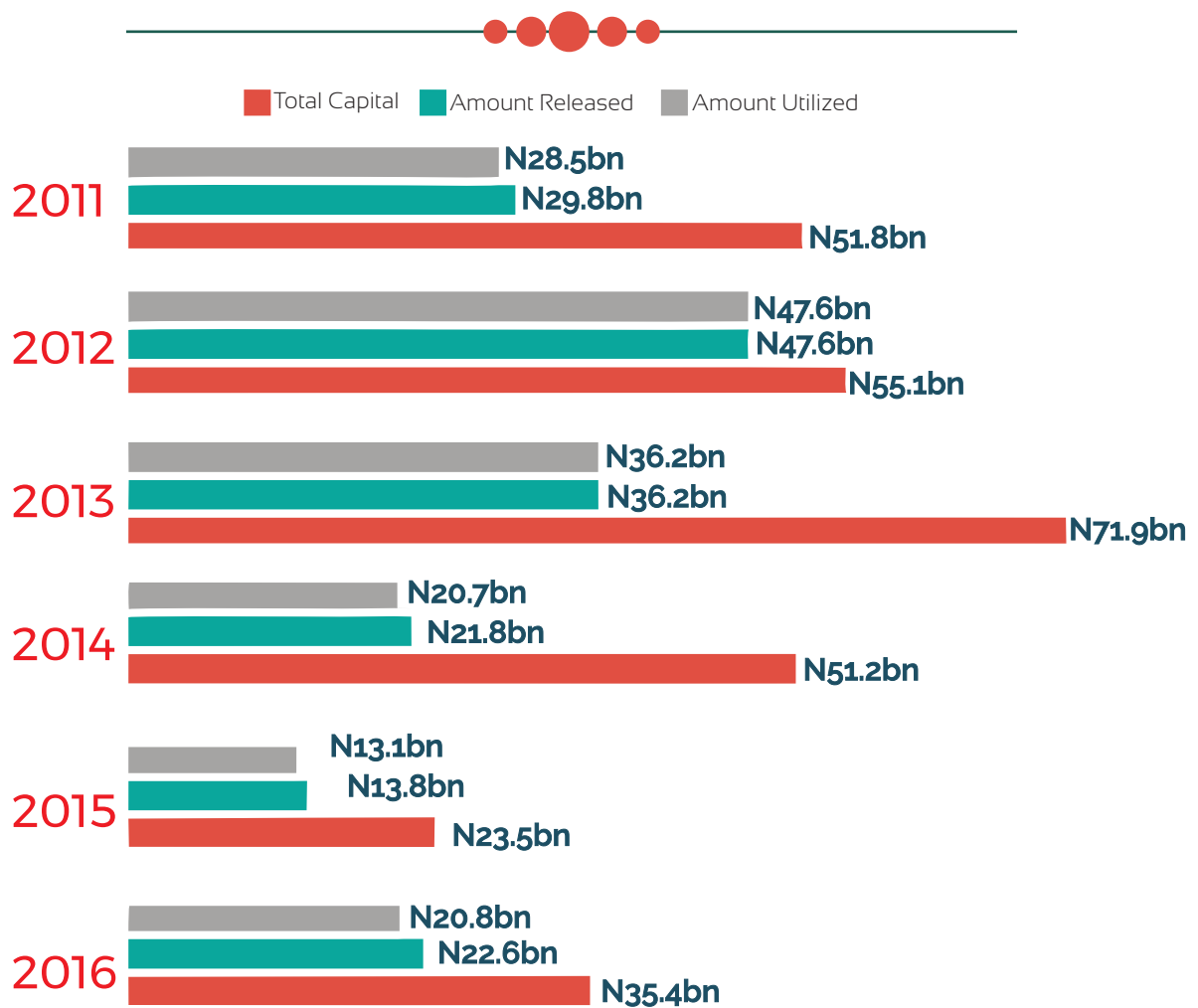
Budget performance of Federal Government Capital Expenditure

Historically, actual spending on capital items has been lower than the amount allocated. In 2016, only 58.8% of amount voted for capital items was utilised partly due to the delayed passage of the budget and revenue shortfall.

Actual Capital spending at the federal ministry of education in 2012, 2013 and 2014 was N47.6bn, N36.2bn, and N20.7bn respectively despite bigger budgeted figure. Spending on capital items is also falling short due to the shorter implementation cycle due primarily to the nature of the Nigerian weather.

Nigeria has insufficient time to embark on construction activities because of the rain season. Also, the ability to implement the capital projects are also dependent on external factors including capacity, ability to raise funds from the capital market, availability of company willing to undertake such project and the security situation around the project site.

Capital Releases VS Capital Utilization



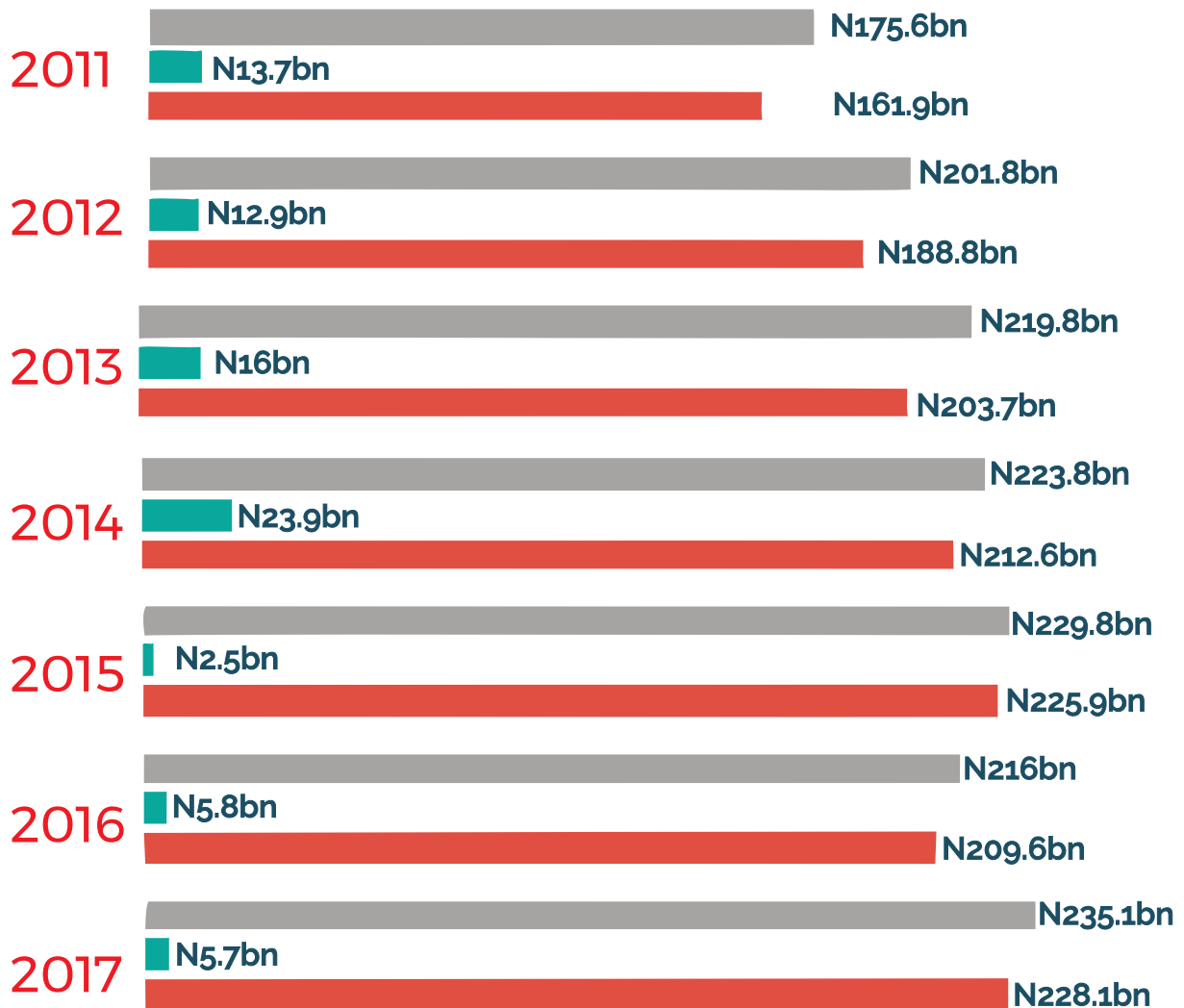
Source: Budget office

FOCUS: TERTIARY EDUCATION SYSTEM

Allocations: The University System

■ Recurrent Cost ■ Capital Cost ■ Total Allocation

(2011-2017)



Source: Budget office

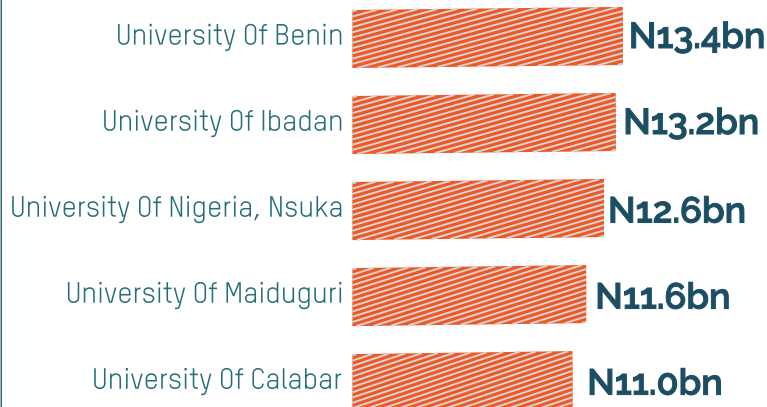
Key Points

Total allocation to the federal government owned university system in 2017 is N235.1bn up from 2016 figures of N216bn.

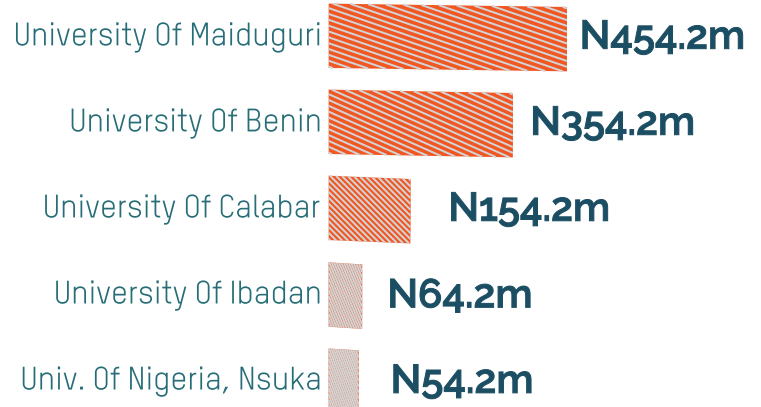
A total of N228.1bn or 97% of allocation to federal government owned university system is going into recurrent expenditure. In 2016, the allocation was N209.6bn down from 2015 figures of N225.9bn.

Capital expenditure allocation in 2017 is sets at N5.7bn or 3% of total allocation to the university

Top 5 Universities with the Highest Allocation 2017



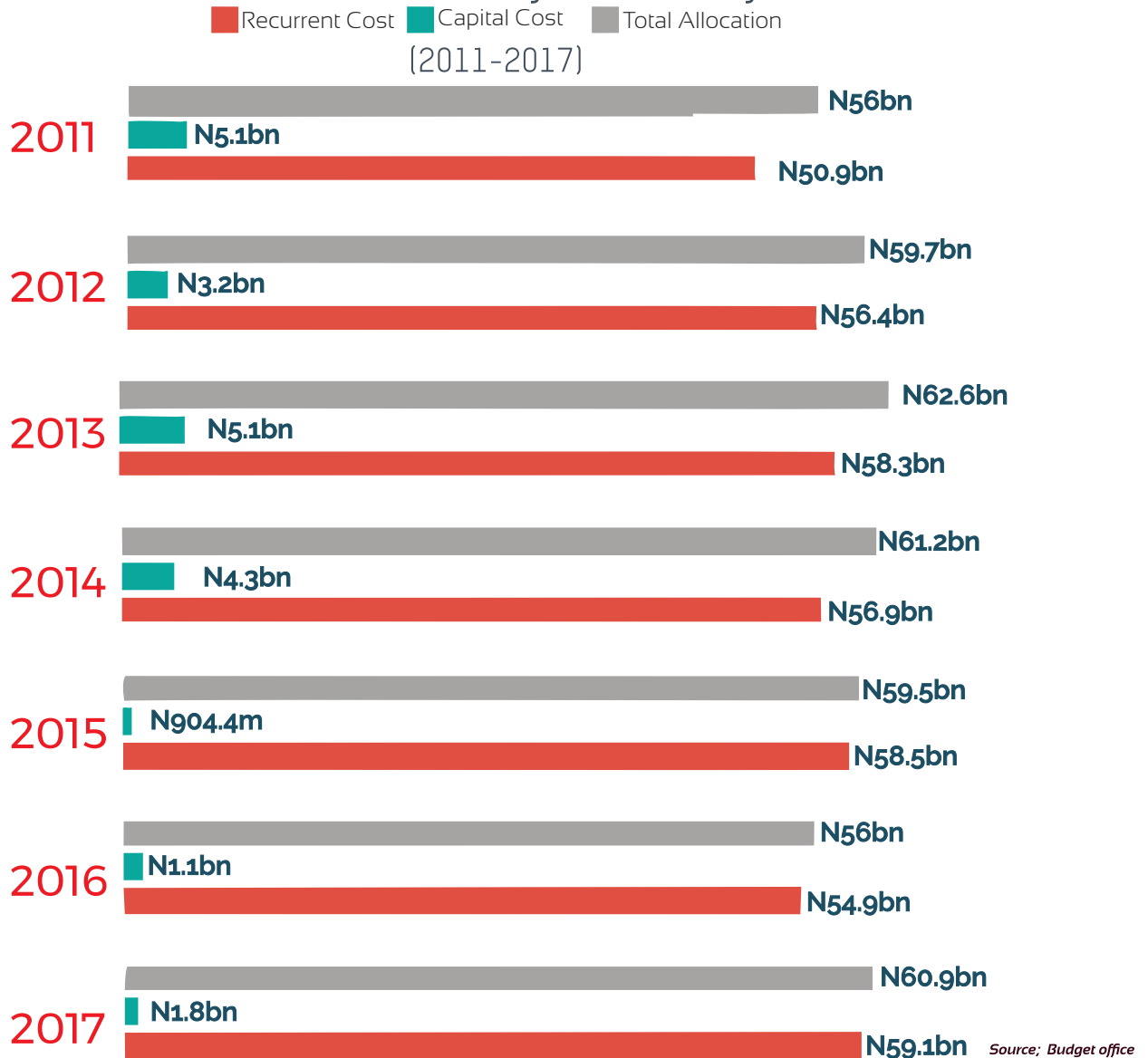
Top 5 Universities with the Highest Capital Allocation(2017)



Source; Budget office

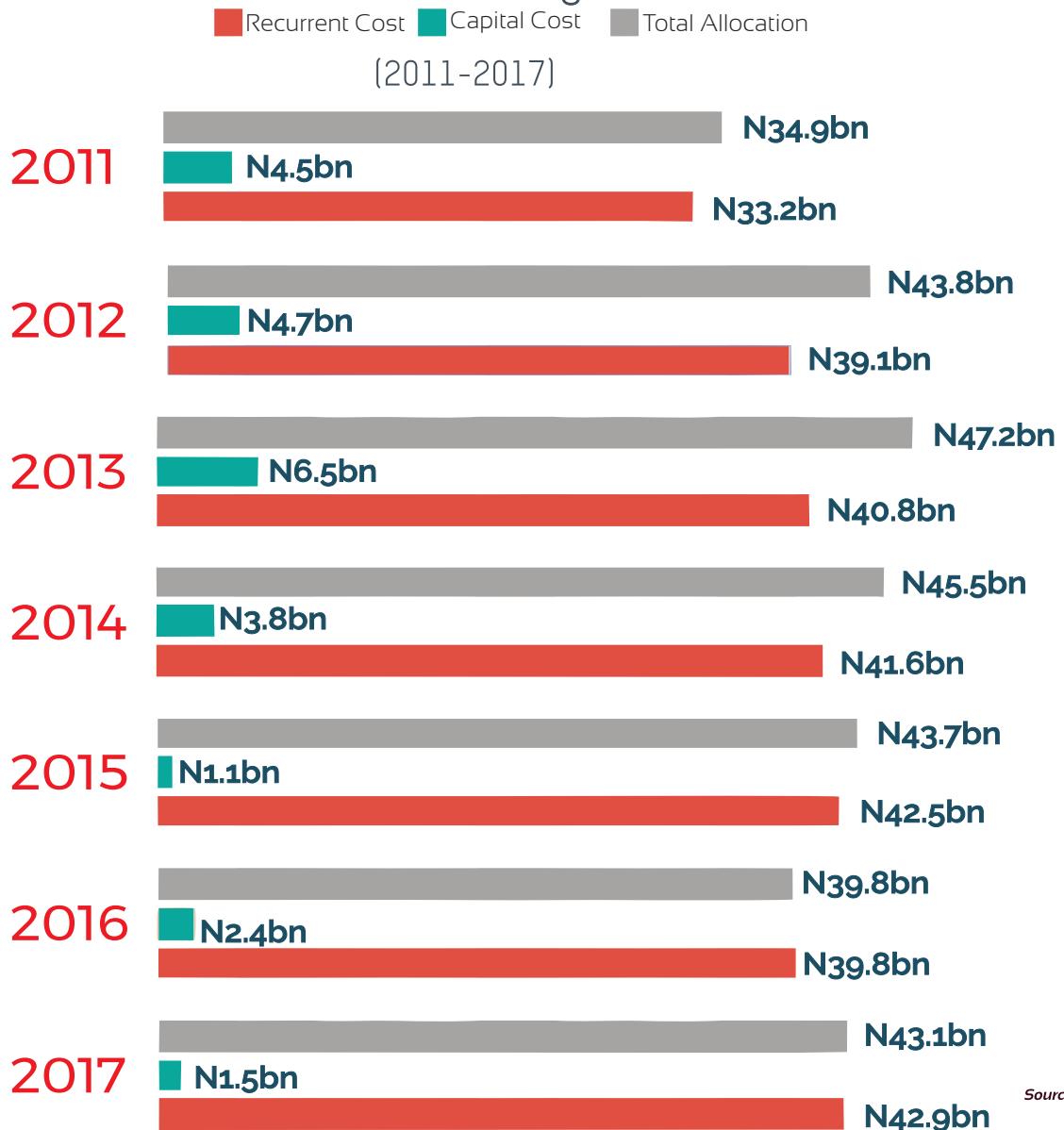
FOCUS: TERTIARY EDUCATION SYSTEM

Allocations: The Polytechnic System



FOCUS: TERTIARY EDUCATION SYSTEM

Allocation: The College of Education



Source: Budget office



Key Points

Polytechnic

Total allocation to the federal government owned polytechnics in 2017 is N60.9bn up from 2016 figures of N56bn.

A total of N59.1bn or 97.04% of allocation to federal government owned polytechnics is going into recurrent expenditure. In 2016, the allocation was N54.9bn down from 2015 figures of N58.5bn.

Capital expenditure allocation in 2017 is set at N1.8bn or 2.9% of total allocation to federal government owned polytechnics.

Colleges of Education

Total allocation to the federal government owned college of education in 2017 is N43.1bn

A total of N42.9bn or 99.5% of allocation to federal government owned college of education is going into recurrent expenditure.

Capital expenditure allocation in 2017 is set at N1.5bn or 0.5% of total allocation to federal Government-owned Colleges of Education.

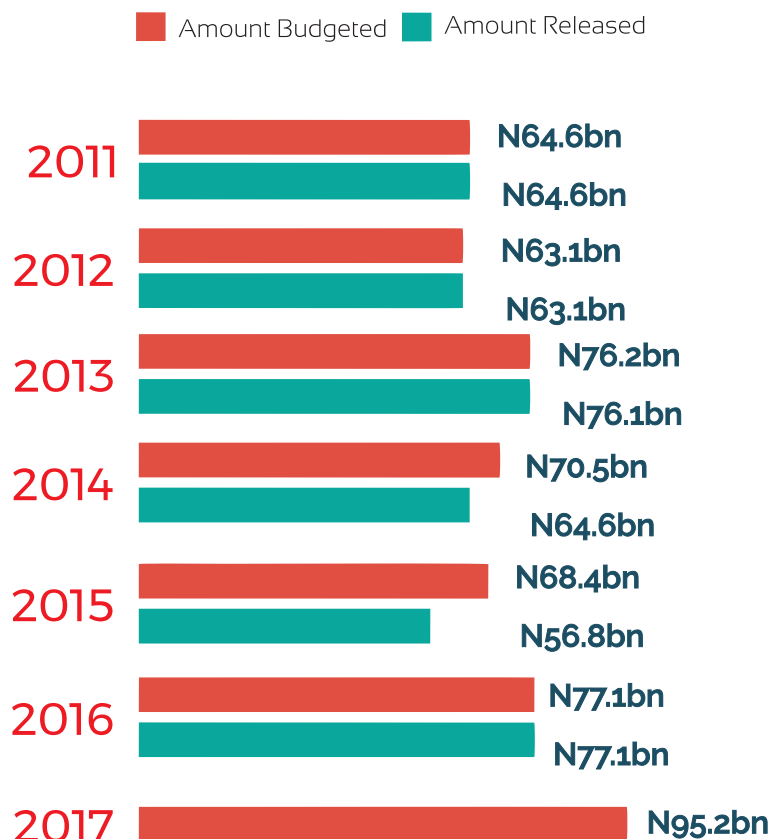


Key Interventions

Universal Basic Education Funds

In 2017, allocation to the Universal Basic Education Funds is N95.19 bn up from 2016 figure of N77.11bn a 23.44% increase. With over N115bn allocated to the National Assembly, One will expect that allocation basic education will dwarf that of the National Assembly given the enormous amount of challenges in the sector.

Allocations : Universal Basic Education Funds



Source; Budget office



Data from UBEC website showed that between 2013 and 2014, out of N73.37bn set aside by the commission; states accessed N63.57bn. In 2015, N18.52bn was accessed out of the N32.44bn that was earmarked for states while in 2016 only N2.6bn was accessed out of the N38.5bn set aside for states.

It is worrisome that during this period under review, some state governors allegedly diverted the funds accessed to provide basic education for other purposes. As at July 2016, a total of N64.87 billion UBEC grant was un-accessed lying with CBN.

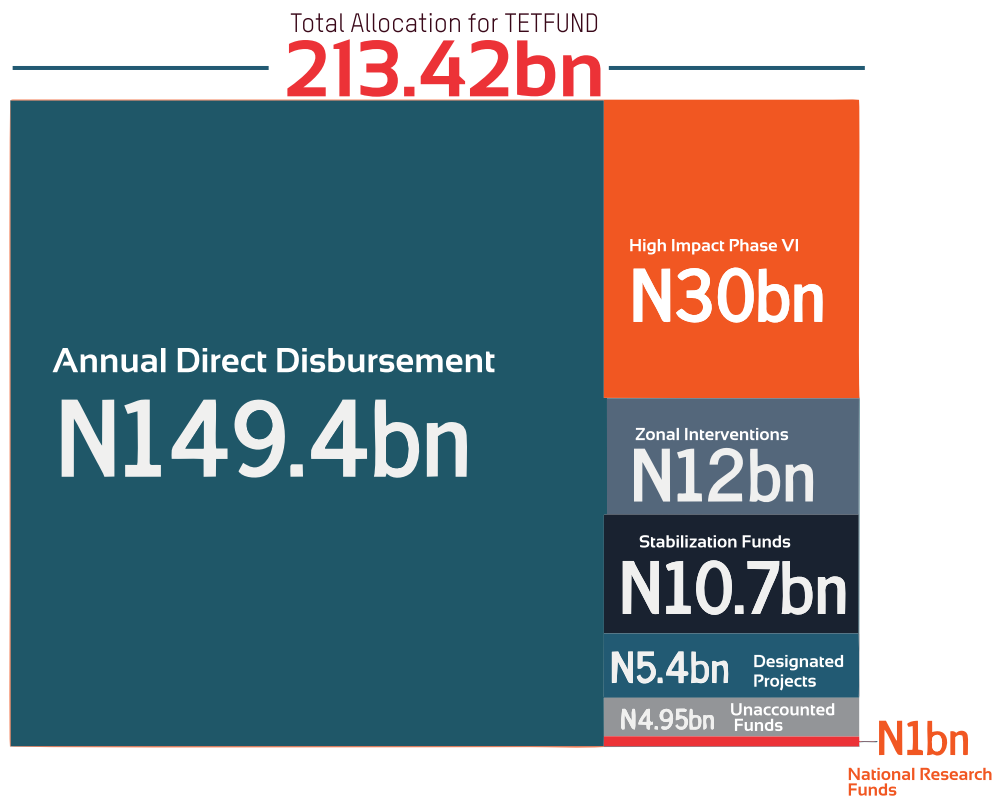
With the statistics available combined with the fact that Nigeria has 10.05 million out of school children according to UNICEF, we can conclude that the UBEC program has not achieved its objective of ensuring access to nine years unfettered basic education and reducing the incidence of out of school children in Nigeria.

With the current amendment to the UBEC act, seeking to raise the Federal Government's contribution to UBEC from 2 percent to 3 percent and also seeking reduction in the state's contribution from 50% to 10%, is left to be seen if the amendment, when signed into law, will help the commission to achieve its objective of providing free and compulsory basic education in Nigeria.



Tertiary Education Fund - TETFund

Tetfund was set up in 2011 after years of advocating for improved education-related spending. Companies in Nigeria are now required to pay 2% tax to the government- called Education tax which feeds into a Fund- “TERTIARY EDUCATION FUND” or “Tetfund” for short. The Fund should ordinarily be directed at improving access, quality and standard of Tertiary education in Nigeria



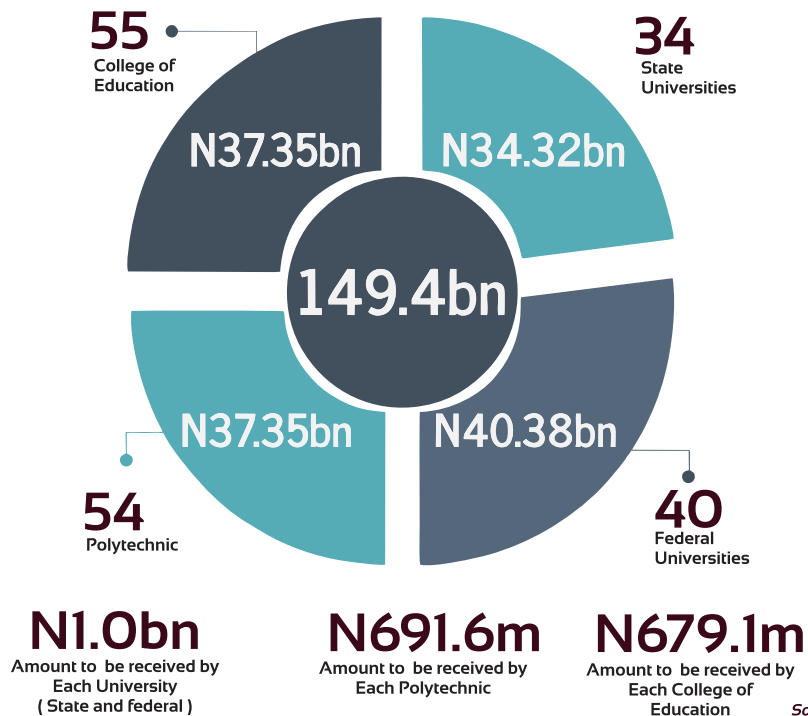
Source; TETFUND



Access to higher education in Nigeria remains inadequate notwithstanding the fund. In 2015, only 415,500 candidates got admitted out of the 1.42million applicant. The Number keeps growing due to the demographic structure of the Nigerian population.

In 2016, out of the over 1.5million applicant, only 9,656 applicants elected to get into a private university while the others elected to undertake their high education in public institution. With very little skill provided outside the formal higher education structure, it is critical for the federal

»» 2016 TETfund Intervention Funds «« Breakdown of Annual Direct Disbursements



Source: TETFUND



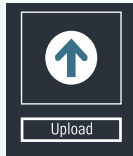
government to step up its funding for the sector if Nigeria hopes to close the access gaps.

Equally important is the fact that access to higher education in the long run help upend the cycle of poverty. Year after year, Nigeria's majority poor suffers double jeopardy. While government expenditure is not tailored and spent on improving access to higher education- correcting the abnormalities, the working poor and have-nots are increasingly forced to pay more regarding tax.

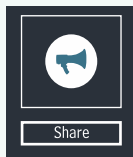
The Price of goods is increasing astronomically, and some economist views food inflation as a form of tax on the poor. Food inflation is accelerating at about 20.28% year-on-year (July 2017) meaning more and more Nigerians cannot afford the associated cost of higher education.

The quality of education delivered in Tertiary education institution is critical. Funds going into research has been very small. In 2016, only N1bn was dedicated to research by the fund. The Process of administering research fund is also cumbersome which invariably impact the delivery of quality service. South Africa's investment in Research is projected to top N1.7tn by 2020 and Nigeria will need a lot of actions to catch up.

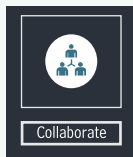
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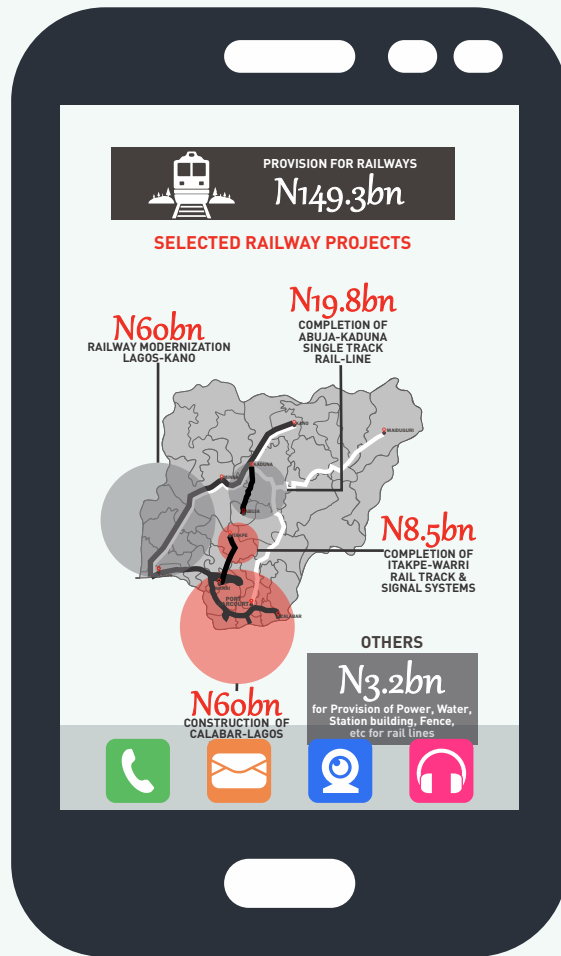
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SIMPLIFYING THE NIGERIAN BUDGET

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