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**NESG: MINI-REPORT
SERIES**



EDUCATION:

**AN IMPERATIVE TOOL FOR ACHIEVING SHARED
PROSPERITY IN NIGERIA**

**MAY
2023**

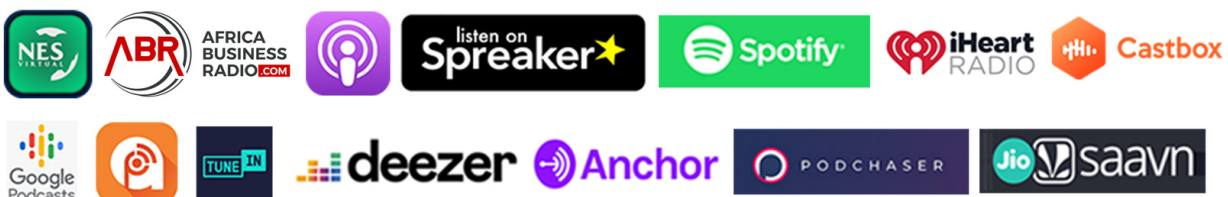


In February 2021, the Group launched the NESG Podcast services. The NESG Radio is a weekly, syndicated podcast that keeps Nigerians informed through curated localised content on economic policies and issues across sectors of the Nigerian economy. The NESG podcast will help effectively communicate the activities of the Group to a younger audience and extend research-based advocacy in a distillable localised format to all Nigerians. The radio has had guests from the private sector, public sector, civil societies and donor communities speak on issues of national interest. Thus far, NESG Radio has recorded 77 episodes with several episodes translated to local languages for the mass audience.

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Introduction

Achieving Shared Prosperity has become increasingly crucial as country experiences show that economic growth does not always translate into lower inequality and poverty reduction. "Shared Prosperity" (SP) focuses on fostering income growth among the bottom 40 percent of a country's population, according to World Bank (2022).

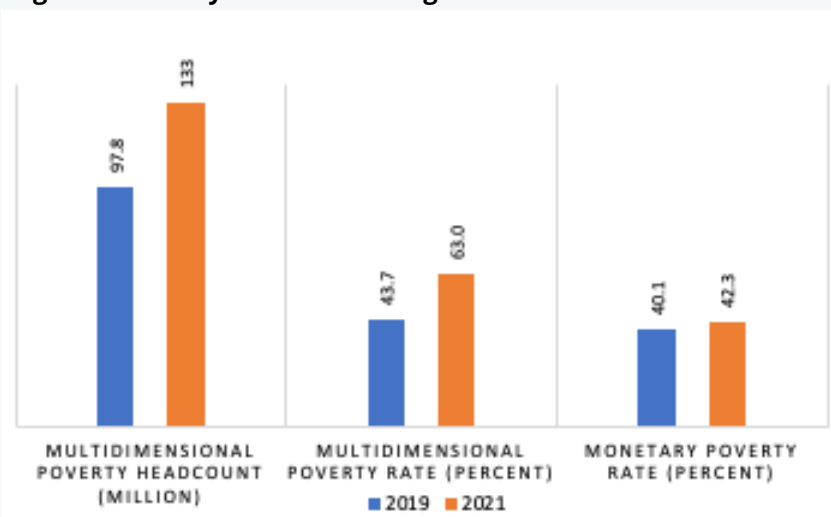
Two essential components underlie the concept of SP, according to the Bank. These are economic growth and equity. The first component involves developing a competitive economy, while the second requires creating an equitable and inclusive society. SP fosters economic development and guarantees that citizens achieve a decent standard of living. Without a deliberate commitment to SP, a nation may focus solely on economic growth to the detriment of inclusivity.

A country that has achieved SP has effectively harnessed its human, physical and other resources to bring about economic prosperity. For instance, a nation that has achieved SP must have made significant investments in human capital development, with the outcome being a more inclusive society. In 2020, Nigeria's human capital index stood at 0.36 and ranked 168th out of 174 countries (World Bank, 2021). Weak human capital development in Nigeria has contributed to poor socio-economic outcomes and widened disparity.

Nigerians' living standards have declined, with Gross Domestic Product (GDP) per capita falling from US\$2,679.6 in 2015 to US\$2,065.81 in 2020. This decline has been accompanied by an increasing number of people being thrust into multidimensional poverty (see Figure 1). This situation shows that the nation has yet to progress towards achieving SP. Furthermore, with the low level of economic inclusion, Nigeria is still a long distance away from this goal, making SP a critical priority for the nation.

The NESG, in its 2023 macroeconomic outlook, detailed an SP agenda tailored to the nation's specific development needs. The agenda focused

Figure 1: Poverty Statistics for Nigeria



Data: World Bank, NBS; Chart: NESG Research

on four (4) strategic thrusts, including concentric economic diversification and transformation, a thriving private sector, functional social programmes and human capital development. As one of the critical

components of human capital development, the report emphasised the need to prioritise quality education in Nigeria's SP agenda.

This report explains how the state of SP is intricately dependent on education. It highlights the challenges in Nigeria's education sector and recommends critical steps to unleash its capacity to foster SP.

The Central Role of Education in Achieving Shared Prosperity

The critical importance of education to inclusive growth is evidenced by the focus it receives in development agendas. It is essential for raising the average standard of living and developing a well-skilled youth population and workforce.

Pivotal to economic development

Education is central to achieving shared prosperity because it is at the heart of development. It links to many other aspects of economic prosperity, including employment, health, innovation, and productivity. Aside from improving quality of life at the individual and household level, a well-educated population promotes a thriving private sector and economy. The impact of human capital in the form of education is well-captured by some of the most well-known models in economics. At the individual level, the Mincer equation has been used to show a positive relationship between education and earnings. In addition, growth models also indicate that quality education is pivotal to long-run economic growth.

Once classified as a low-income country, Vietnam has dramatically transformed its economic fortunes, with education playing a pivotal role. According to data from the World Bank, Vietnam's GDP per capita increased from US\$913.3 in 2007 to US\$3,756.5 in 2021, which is 82 percent higher than Nigeria's. The Vietnam government, since 2008, has been spending 20 percent of its budget on education, and almost all children of official primary and secondary school ages are enrolled in school (Tran and Yang, 2022).

Also, no nation has achieved inclusive growth without a functioning educational system that provides quality education. Nigeria has yet to claim that it has achieved sustainable economic growth, which is inclusive. The poor state of socioeconomic outcomes comes as no surprise given the state of human capital in Nigeria, particularly education. As a result, SP will remain a mirage until there is a paradigm shift in the focus placed on education.

Essential in harnessing the demographic bulge

Nigeria is projected to have the third-largest population in the world by 2050, according to the UN (2022). As Nigeria's population rises, so will the number of young people, with a corresponding need to harness the expected demographic bulge. Education is vital in this respect as it is the engine of growth when the youth have the necessary skills and education (UN, 2020). Therefore, harnessing the skills and abilities of the youth through education can generate significant gains in achieving SP.

**Critical to
achieving a
fair and
equitable
society**

Education is critical for equal access to opportunities for a better standard of living, gender and social equity. For example, according to UNICEF (2023), gender-equitable education closes skills gaps (which foster gender pay gaps) and promotes economic prosperity. Furthermore, an educated child from a low-income family has a better chance of experiencing a positive change in their social status than an uneducated or inadequately educated child. The latter are more likely to experience economic hardships later in life.



Challenges in Nigeria's Education Sector

Nigeria's education sector has faced several perennial challenges which require urgent redress to improve education outcomes. These include low investment, a high school dropout rate, policy implementation hurdles, and outdated curricula, among other issues.

Low investment

The education sector has been plagued by low investment. Nigeria has historically fallen short of spending recommendations for human capital development, and the same holds for education. UNESCO advises countries to spend about 25 percent of their annual budget on education (Adeleke and Alabede, 2022), but Nigeria's spending on education has consistently remained significantly below the UNESCO benchmark. In 2023, for example, the Federal Government allocated 8.2 percent of its budget to education. In addition, between 2019 and 2021, the federal government spent an average of 0.4 percent of GDP on education, in breach of its commitment to the Education 2030 agenda, which calls for an expenditure of between 4 and 6 percent of GDP on education. Resources devoted to the education sector have been further stretched as the number of eligible school children rises (see Figure 2).

Low investment in education has been linked to many of the challenges holding back the sector, including poor remuneration of teachers, a lack of quality teachers, low quality of technical and Vocational Education and Training (TVET) programmes, and infrastructure, poor quality education and poor implementation of the National Gender Policy (see IIEP-UNESCO and World Bank, 2021; Ayonmike et al., 2015).

Outdated curricula

Outdated curricula, which focus on qualifications and essential underemphasized skills, are causing the Nigerian educational system to produce graduates without the necessary knowledge and skills for gainful employment, fueling unemployment among the youth. The youth unemployment rate stood at a colossal 42.5 percent in 2020, according to the National Bureau of Statistics (NBS). The state of the curricula has been identified as a prominent factor contributing to high youth unemployment (see Akande, 2014; Agwu, 2019).

High rate of school non-attendance, dropout and; inequalities

In 2019, 7.1 million children aged 6-17 had not attended school, and 5 million had dropped out, resulting in an estimated 12.1 million children out of school in 2019 (IEP-UNESCO and World Bank, 2021).

Furthermore, significant inequalities across regions and gender disparity also exist. According to UNICEF (2022), the net attendance rate in the Northern part of the country stands at an abysmal 53 percent. Furthermore, the average number of years of schooling for boys is 8.7, slightly more than 7.6 years for girls. Differences are also evident along socio-economic status, with rural dwellers experiencing a significantly higher level of out-of-school children than the urban population, all of which foster societal inequality (Kazeem, 2010).

Challenges with policy formulation and implementation

The education sector also faces challenges in policy formulation, implementation, and duplication of policies. For example, the failures of policies and poor educational outcomes have been largely attributed to flawed policy formulation, coordination and implementation processes, which are marked by duplication of roles and responsibilities at the state and federal levels and within Ministries, Departments and Agencies (see IEP-UNESCO and World Bank, 2021).

Despite the immense economic benefits associated with a well-educated population and its large youth population, Nigeria has yet to be able to tap into its human capital potential. Without a renewed resolve to prioritise education for improved socio-economic outcomes, the SP agenda will continue to be a mirage. A growing number of citizens will continue to wallow in poverty. A radical shift in the outlook requires strengthening the educational system and structures, necessitating specific immediate interventions highlighted below.

Recommendations for Improving Educational Outcomes

The following are recommendations for critical interventions in the education sector to position the sector as a driver of Nigeria's SPA.

Expand resources to the education sector

Improved funding is critical to better educational outcomes. There is an obvious need to expand resources in the education sector over a sustained period while addressing existing inequalities. A well-funded educational system is also vital for successfully developing and implementing policies, including those promoting inclusive education.

Investment in specialised fields such as Science, Technology, Engineering and Mathematics (STEM) would promote an adequately prepared young population. The TVET programmes and teacher training initiatives would also benefit from increased investment in promoting skill acquisition and better educational outcomes.

The government should partner with the private sector, NGOs, and foreign institutions to address some of the sector's challenges. With the growing education needs due to the rising population (and by extension school age and youth population) coupled with the need to preserve and improve the quality of education, partnerships are required to expand resources and improve service delivery.

Strengthen policy implementation process

The policy implementation process in the education sector can be enhanced by formulating policies with clear implementation strategies. In addition, devising strategies for efficient data collection and clear guidelines for responsibilities across the federal and state ministries will prevent overlap in data gathering, promoting better education planning, effective policy formulation and implementation.

Streamline roles and responsibilities in ministries

There should be a clear delineation of roles and responsibilities across the federal and state ministries of education. The National Council on Education should also engage the States in policy formulation to promote implementation at the state level. These actions would enhance efficiency in the education sector and effective policy implementation.

Empower youths with skills

The TVET programmes are critical to skill acquisition and job creation. One such programme launched by the Federal government in 2022 is the Project T-MAX scheme, which aims to equip Nigerians with technical and vocational skills. Possessing such skills reduces vulnerable employment associated with low skill and education levels. These schemes are also essential because they cater to both children/youth who are in school and those out of school. Such programmes should be expanded to capture the increasing number of unemployed youths in the country. TVET programmes can also be supported by equipping attendees with entrepreneurial skills needed for self-employment.

Revamp school curriculum to reflect industry needs

There is a need to reform the school curriculum to reflect industry needs and develop competencies valuable to the private sector. Curriculum reviews should also engage the private sector in the process. There is also a need for internship schemes to be tied to specific skills to improve youths' employability potential. These schemes can be strengthened by wage subsidies to encourage the retention of interns.

Need to embrace digital learning

Digital learning supports a broader reach in providing educational services and promotes independent learning. Digital education is vital to enhance learning and foster continuity in learning. In addition, it can be pivotal in educating the out-of-school population and promoting literacy and numeracy among this group supporting inclusive education.

Influence socio-cultural norms for inclusive education

There are still wide disparities in school enrolment for boys and girls. Cultural beliefs about gender roles hinder girls from receiving an education. Influencing cultural norms can be a prolonged process, which requires a strong commitment from the government, working with community leaders and continuous community engagement.

Conclusion

Education is critical to achieving SP and better living standards for all Nigerians. Furthermore, if properly harnessed, Nigeria's growing young population can be crucial for sustained economic growth and development. Nigeria will be able to achieve SP with robust and inclusive educational opportunities for all. Poor education significantly lowers employment opportunities and negatively affects the transition to high social status. Inequality in access to schooling propagates a vicious cycle of low living standards and hinders better socio-economic outcomes at the individual and macroeconomic levels.

The government and policymakers must prioritise the education sector with strong political will. Critical steps to improve the sector's performance, including increased funding, enhancing the school curriculum, improving policy formulation and implementation, and influencing socio-cultural norms for inclusive education, are vital. Without a paradigm shift in the focus placed on the education sector, any growth achieved will not be inclusive, and many will continue to be left behind with dire consequences for human capital and development outcomes.

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Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

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