

## Promoting accountability and enhancing efficiency: Using national education accounts to track expenditure flows \*

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**Abstract:** Increasing accountability and efficiency in the use of public and out-of-pocket financing in education are critical to realizing the maximum impact of the meager allocations to education in most developing countries. While broad estimates and numbers are routinely collected by most national ministries and state departments of education, the lack of accuracy and reliability as well as the obtuse nature of recording and presentation of the data does not facilitate any serious policy use. A major advance in this area has been brought about by the development of NEA (National Education Accounts), which is a new tool for measuring education expenditures in a systematic policy-friendly manner. In essence, NEAs measure the “financial pulse” of an education system, answering 4 key questions: Who is financing education? How much do they spend? How are funds distributed across different education providers, levels and activities? Who benefits from or receives the services? NEAs gather information on all spending from public, private and donor sources, and provide a snap-shot of all expenditures on education in the state or country. While not an auditing tool, it provides real time information on the flow of funds that can be used for evidence-based decision-making. It provides information to policy-makers, enabling them to discern system-wide inequities and identify areas that require changes in policy. In addition, the use of a standard classification of expenditures allows for data from NEAs to be comparable between and within countries. This paper provides an assessment of accountability and efficiency in the use of public and private resources in the education sector in 2 states of Nigeria. Using comparative data from implementation of education accounts in 2 states of Nigeria, it presents a breakdown of education spending by public and private sources as well as donor agencies, by types of providers, by geographical regions and by category of expenditures. It analyzes educational expenditures for the 2 states in the context of state government priorities for education, and proposes a novel way of tracking trends in education spending as a means for policy-makers to organize a strategic vision supported by resources and to evaluate the outcome of policies.

**Key words:** national education accounts; education financing; accountability; efficiency; out-of-pocket spending; education expenditures; Nigeria

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## 1. Introduction

Increasing accountability and efficiency in the use of public and out-of-pocket financing in education are critical to realizing the maximum impact of the meager allocations to education in most developing countries. While broad estimates and numbers are routinely collected by most national ministries and state departments of education, the lack of accuracy and reliability as well as the obtuse nature of recording and presentation of the data does not facilitate any serious policy use. A major advance in this area has been brought about by the development of NEA (National Education Accounts), which is a new tool for measuring education expenditures in a systematic policy-friendly manner. Two States in Northern Nigeria, Kano and Zamfara, have been experimenting with this tool, for promoting accountability and transparency in the financing of their education system.

An adaptation of National Health Accounts, NEA is a new tool for measuring education expenditures in a systematic policy-friendly manner. In essence, NEAs measure the financial pulse of an education system, answering 4 key questions: Who is financing education? How much do they spend? How are funds distributed across different education providers, levels and activities? Who benefits from or receives the services? NEA gathers information on all spending from public, private and donor sources, and provides a snapshot of all expenditures on education in the state or country. While not an auditing tool, it provides real time information on the flow of funds that can be used for evidence based decision making. It provides information to policy-makers that enable them to discern system-wide inequities and identify areas that require changes in policy. In addition, the use of a standard classification of expenditures allows for data from NEAs to be comparable between and within countries.

Given the complex and highly decentralized nature of the education system in Nigeria, National Education Accounts have been completed at the state level in Kano and Zamfara. Called the SEA (State Education Accounts), these NEA subaccounts have contributed to a better understanding of the flow of funds for formal education and to the level of commitment of the public and of the private sector to each level of education. The first SEA was conducted in Kano State covering school year 2006/2007 and the second was conducted in Zamfara State in 2007/2008. These 2 SEAs, conducted in neighboring states in Northern Nigeria, provided an opportunity to both develop the tool and to use it to compare stated education policy to education financing inputs. The study found some similarities and many differences, in terms of public-private spending on education, and allocation of resources.

This paper provides an assessment of accountability and efficiency in the use of public and private resources in the education sector in 2 states of Nigeria. Using comparative data from implementation of education accounts in 2 states of Nigeria, it presents a breakdown of education spending by public and private sources as well as donor agencies, by types of providers, by geographical regions and by category of expenditures. It analyzes educational expenditures for the two states in the context of state government priorities for education, and proposes a novel way of tracking trends in education spending as a means for policy makers to organize a strategic vision supported by resources and to evaluate the outcome of policies. The rest of the paper is organized as follows: Section 2 contains a brief account of the education system in Nigeria; the basis of national education accounts is discussed in section 3, followed in section 4 by an analysis of education spending in 2 states in Nigeria; Section 5 concludes.

## 2. Education system in Nigeria

Nigeria, with an estimated population of 140 million people, is the most populous country in Africa. It is the world's sixth largest exporter of oil, and the country's economy depends on the exploration and exportation of oil and gas. In recent years, real GDP of Nigeria grew at about 7% on the basis of higher crude oil and gas production, with non-oil GDP growing at about 5%. Significant progress has been made with respect to economic reforms, but severe institutional and capacity deficiencies remain, with per capita income only slightly above US\$1,000 per year. More than half of the country's population is estimated to be poor, and one-fifth of all Nigerian children die before their fifth birthday. School enrollment between the ages of 6 and 14 has not been achieved. Spending on health is among the lowest in the world, with households bearing most of the burden of health spending, leading many to delay medical care and not send all of their children to school. For both education and health, there are large income and geographic differences in outcomes. The northern region of Nigeria consistently has poorer outcomes than the southern region, although outcomes are not consistent across socioeconomic levels.

Immediately following the May 2003 election, the federal government announced major reforms designed to put Nigeria on the path of sustained economic growth and poverty reduction. Known as the NEEDS (National Economic Empowerment and Development Strategy) program, it has had some success—especially in terms of strengthening macroeconomic policies (for example, adopting a fiscal policy rule, reducing the fiscal deficit, limiting recourse to monetary financing of the government deficit and preparing a fiscal responsibility bill) and successful negotiation by the government of a major debt reduction deal with the Paris Club. Education is a core “pillar” of NEEDS and is widely recognized as playing a key role in economic growth and long-term stability—but many challenges remain.

Education spending in Nigeria is influenced by political pluralism as well as the education sector reform programs launched by the federal government. There are 36 states and the FCT (Federal Capital Territory) and 774 local government areas. Two main features of the Nigeria's fiscal federalism arrangements have significant implications for the costs and financing of public education. First, the primary determinants of the government's revenues and expenditures, including the performance of the country's oil sector and the rules governing revenue-sharing arrangements for public education. On the revenue side, the main sources of revenue are federal taxes and duties on petroleum, profits and imports. In 2004-2005, oil and gas revenues exceeded an estimated 80% of total revenues raised by all tiers of government. State and local governments depend heavily on revenue received from the federal government. Historically, the total revenues of state and local governments have amounted to not more than 5% of total government revenues. Federal government revenues are shared among the federal, state and local governments, in accordance with a revenue-sharing formula. Various criteria are used to determine the amount allocated to each state and local government from the federation account: total population, internally generated revenue capacity, land area and terrain, population density and state contribution to oil revenues. The current formula, adopted in 2002, allocates 54.68% of total revenues to the federal government, 24.72% to state governments and 20.6% to local governments.

Second, state and local governments enjoy a considerable degree of political and fiscal autonomy. State governments run separate fiscal and budgetary systems, independent of the federal funds. Although they receive significant funding from the Federation Account, state and local governments are not required to inform or seek approval from the federal government on their budget, fiscal performance or allocation of resources in line with their spending priorities. No national framework encompasses budgets at all tiers. No statutory accountability

mechanisms ensure proper coordination of state plans and fiscal arrangements to achieve national goals in any sector. With respect to budget reporting arrangements, each government carries out its own reporting with no coordination, standards for reporting on plans and performance or reporting to the federal government.

The formal education system comprises 9 years of basic education (6 years of primary and 3 years of junior secondary), followed by 3 years of senior secondary and 4 years of tertiary education, which includes universities, polytechnics, colleges of education and other specialized tertiary education institutions. The provision of education is the concurrent responsibility of the federal, state and local governments. The federal government plays a dominant role in the provision of postsecondary education, the states are responsible for secondary schools and some tertiary institutions and local governments are responsible for basic education, which includes both primary and junior secondary schooling. While education is provided primarily through the government, some is provided privately, both formally and informally, at all levels, catering to a sizable but undocumented number of children. Non-state providers account for 16% of school enrollment in the country as a whole. There are about 20.7 million students in public primary, 3.8 million in junior secondary and 2.8 million in senior secondary schools. Within the federally funded institutions, there are 25 universities with about 490,000 students, 34 federal poly- and mono-techniques with about 164,000 students, 20 colleges of education with about 115,000 students and 102 federal unity secondary schools with about 133,000 students.

Since public schools have been unable to satisfy the demand for high-quality educational services, a dynamic private education sector has emerged during the past decade. Three distinct types of formal private schools provide primary and secondary education: private, religious and community schools. Information is limited on the large number of non-formal, mostly religious, schools, especially in the northern states. Schools are booming in many states in the south, where the demand for better-quality education is expanding rapidly. In the northern states, however, a large number of non-formal schools offer mostly religious studies. State governments have little de facto control over non-formal religious schools, especially with regard to curriculum, teacher deployment and qualifications, and finance and management, and the schools are not regulated. Data are not available on the number of students and staff in such schools.

Estimating enrollment rates remains a challenge in Nigeria, and the information collected by census and household surveys is unreliable and incomplete. Available data report gross enrollment ratio for primary schooling is 92.5%, though this aggregate figure masks very large differences across Nigeria's 36 states, with 7 states reporting gross enrollment rate less than 65% in 2006. The national net enrollment rate for primary schooling is only 61.5%, which confirms that late entry to primary school is widespread.

Junior secondary schooling enrollment rate is 65.2%, equivalent to 3.8 million students in 2006. The gross enrollment rates for the tertiary education age group are 22.1% for women and 32.8% for men. Using net enrollment rates for tertiary education, however, Nigeria's tertiary enrollment rates are much lower: 4.9% for women and 6.3% for men. This suggests that the system enrolls a large number of under-age students, over-age students, or both.

### **2.1 Government policies, objectives and priorities**

The overall policy framework for the education sector is the responsibility of the federal government. Nigeria adopted a national policy on education in 1961, and revised and updated it most recently in 2007. This effort resulted in a vision statement, a comprehensive education sector analysis, a national framework and a draft 10-year education sector plan. The vision 2020 document sets the following goal: "To become an emerging economy model, delivering sound education policy and management for public good". It highlights the need for

radical policy reforms if Nigeria is to become one of the top 20 economies in the world and considers education as the foundation for this transformation. The policy stresses the importance of achieving universal access to basic education, promotes the provision of publicly financed secondary and tertiary education, outlines national language policy, and emphasizes building national capacity in science and technology.

In May 2004, Nigeria launched the UBE (Universal Basic Education) program to provide free compulsory basic education to all citizens. The main goal of the program was “to eradicate illiteracy, ignorance and poverty as well as stimulate and accelerate national development, political consciousness and national integration”. UBE seeks to make the formal levels of primary and junior secondary education universal, free and compulsory. It also encompasses skill acquisition programs for out-of-school youth, adult literacy and education for disadvantaged groups, such as girls and nomadic people. The UBE law preserves the constitutional responsibility of states and local governments in Nigeria to provide basic education and expands the federal government’s commitment to provide free and compulsory basic education. The statute also guarantees regular funding (not less than 2% of the Consolidated Revenue Fund) from the federal government each year to support implementation of the UBE program at the state level. Despite this policy framework, educational policy and practice vary somewhat among states, in part, because the UBE law has been ratified in each state with modifications, which means that implementation of the policy is not uniform across the states.

## **2.2 Governance and accountability arrangements**

Governance involves setting goals and monitoring progress toward achieving these goals. Given the difficulties related to collecting, analyzing and using data, measurement of goals is a rarity in Nigeria, and the setting of broad goals has been more ideological than practically measurable. Further, in Nigeria, the provision of public education is highly decentralized, and all the 3 tiers of government are involved, especially at the primary school level, which complicates the development of a comprehensive plan. The federal government plays 3 roles in the education sector: (1) providing policy leadership and regulatory oversight; (2) supplying tertiary education through federally funded universities, polytechnics, colleges of education and mono-techniques, as well as the unity schools; and (3) supporting the achievement of national goals in education based on the UBE law and providing direct funding for education to state and local governments. In each state, the State Ministry of Education has responsibility for the state’s education policies and standards, and is responsible for the management, and funding of secondary schools and state tertiary education institutions. And finally, local government areas are responsible for the delivery and management of primary education through the local government education authority.

With fragmentation and concurrent responsibilities across 3 states, decentralized processes, varying interpretations of key policy documents and insufficient data on budget allocation and actual expenditures, a common and standardized sector plan is not viable at this time, and given the institutional constraints within the system, no national strategic plan is likely to be developed in the near future. Institutional constraints impose severe limitations on both individual and organizational capacity for policy-making, planning and management. This is the case across all tiers of government and across subsectors. The commensurate lack of accountability and inefficiency in service delivery is further exacerbated by the high costs for administration and operation. In the absence of a coordinated and unified approach, and without clearly defined accountability across tiers of government, some key areas remain neglected and others duplicated, resulting in inefficient use of resources and poor accountability.

In Nigeria, weak accountability is a fundamental issue in education because of the confusing roles and

responsibilities and low management capacity. Accountability across tiers of government is poor because of weak transparency and complex reporting arrangements, while accountability across states is difficult because of the inequalities and among states.

Accountability allows stakeholders to assess performance, assign responsibility, and play a role in the delivery of services. Data limitations are a key constraint to improving the education system as a whole, but accurate collection, analysis and reporting of data are integral parts of better accountability across the system. The mechanisms for keeping, reporting, monitoring and evaluating data are limited across the sector, both within and across ministries. The system has inadequate relevant and selective statistics, and information on academic and financial performance, which makes it difficult to compare performance across schools and states. As a result, it is not possible to assess the cost-effectiveness of the education system.

### **3. Why national education accounts?**

The NEA can be described as a transparent method for collecting and analyzing data on actual allocations and expenditures of resources in the education sector and linking those allocations and expenditures system reforms. The NEA framework closely follows the NHA (National Health Account) framework, and like the NHA, it also maps the flow of funds from sources to intermediary or financing agents, and finally, to the providers of service. The NEA help detail expenditures by different players in the education sector, and thus, provide a more complete and transparent view of total spending, both public and private, on education.

Like the NHA, NEA is a tool that facilitates assessment and evaluation of the performance of the education system. NEA does this in several ways, most importantly by providing information on the overall level of resources (public, private and external), how these resources flow through the education system and how they are used. NEA provides the data for evaluation of sources and uses of education funding (public, private and external) against a set of policy objectives, thereby providing evidence-based methods of determining if education funds are being spent in support of these objectives. The use of NEA involves official stakeholders in determining which aspect of the sources and uses is important, and provides the means to measure policy impact on a factual rather than an anecdotal basis. NEA uses standard classification of data, which contributes to benchmarking performance and sharing information more easily within country and between countries.

The main objective of NEA is to create a standard format of accounting educational expenditures that establishes the platform for technical analysis of the performance of the education sector and permits comparisons of relevant indicators internationally. In keeping with this objective, the goal of NEA is to provide a framework that helps policy-makers, financiers and providers of education answer questions that help improve the performance of the education system and improve the efficiency of the sector. Furthermore, since NEA uses a standardized format, the information that it provides allows meaningful international comparisons.

As a first step, NEA lays down clear, unambiguous definitions of the boundary conditions for an expenditure item to be classified as an educational expense. In doing so, NEA goes beyond the traditional classification of expenditures by institutions to a more functional classification of expenditure by type of expense. In the second step, NEA identifies the sources that finance education expenditures, the intermediaries that allocate the funds amongst different providers and the providers of education, so as to avoid double-counting of funds. At the same time, NEA distinguishes between different providers of education and focuses on the mechanisms used to transfer funds to these providers. Finally, and most importantly, the NEA framework provides a technical basis for

analyzing the financial implications that education sector reforms would have on service providers and financiers of education alike.

NEA measures the flow of funds through 4 several categories of entities and answers at least the following 4 key questions:

(1) Sources of financing: Where does the money come from? (central and local government revenues, household funds, international organizations, etc.);

(2) Financing agents: Who are the financial intermediaries responsible for the allocation of funds amongst different providers and have the programmatic responsibilities to manage or organize services? (intermediaries who receive funds from sources and use them to pay for services, such as Ministry of National Education, Higher Education Board or private networks);

(3) Providers of services or activities: To whom does the money go? (public or private providers, such as primary schools, vocational schools, or universities, etc.);

(4) Inputs or types of educational expenditures incurred: How was the money spent? (personnel expenses, textbooks, capital investments, etc.).

NEA provides a picture of the flows and uses of funds throughout the education system and identifies roles played by central government, local district governments, international and indigenous donors, private contributors and households in financing education. NEA can also be used to identify sub-categories for the flow of funds, such as beneficiary groups defined according to socioeconomic status, location, age or gender.

The NEA framework uses the ISCED (International Standard Classification of Education) classifications used in the UOE (UIS/OECD/EUROSTAT) framework. Data are collected and analyzed using the basic categories and matrices developed for the NEA. ISCED classifications of expenditure categories are used to ensure completeness of data collected and to allow for eventual international comparisons. While the data collected are entered into a standard set of tables, there is some flexibility to add in subcategories to allow for collection and analysis of data that are specific to each country.

Since NEA is an internationally utilized and recognized methodology, a country's assessment of its education spending patterns can be compared to that of other countries—This is of particular value to policymakers, because they can learn from the spending patterns and education system outcomes of countries with similar socio-economic backgrounds. Such comparative information can help when setting performance objectives and benchmarks. If implemented on a regular basis, NEA can track trends in financing of education. Such temporal data are useful for monitoring and evaluation purposes and for making financial projections of a country's education financing needs.

SEA (State education accounts), a subaccount of NEA, is in effect NEA conducted at the state level rather than the national level. As a first step, SEA lays down clear, unambiguous definitions of the boundary conditions for an expenditure item to be classified as an educational expense. To be included in the SEA, all expenditures by definition have to be within the boundaries of the state. By doing so, SEA goes beyond the traditional classification of expenditures by institutions to a more functional classification of expenditure by type of expenditure. In the second step, SEA identifies the sources that finance education expenditures, the intermediaries (financing agents) that allocate the funds amongst different providers and the providers of education, so as to avoid double-counting of funds. At the same time, SEA distinguishes between different providers of education and focus on the mechanisms used to transfer funds to these providers. Finally, and most importantly, the SEA framework provides a technical basis for analyzing the financial implications that education sector reforms would

have on service providers and financiers of education alike. In short, SEA provides an effective tool that can be used to review the outcomes of education policies and suggest the impact of potential policies on performance of an education system.

#### **4. Estimates and analysis of education expenditures in Kano and Zamfara**

The state of Kano (population: 9.38 million) is located in North-Western Nigeria. The state borders Katsina State to the north-west, Jigawa State to the Northeast and Bauchi and Kaduna states to the south. Kano State has historically been a commercial and agricultural state, known for the production of groundnuts as well as for its solid mineral deposits. The state has more than 18,684 square km of cultivable land and is the most extensively irrigated state in the country. However, erratic power supply has crippled the state's once booming manufacturing sector, and Kano remains one of the poorest states of the country. Kano has traditionally received the largest proportion of federal revenues. The state of Kano has 44 local government areas.

Zamfara State (population: 3.26 million) is also located in northwestern Nigeria. It is bordered in the North by Niger republic, to the South by Kaduna State, to the east by Katsina State and to the West by Sokoto and Niger States. Agriculture is the most important occupation of the people of the state. Zamfara has 14 local government areas.

State education accounts for Kano State were conducted for the year 2005-2006, while for Zamfara, the relevant school year was 2006-2007. For purposes of comparison, all Zamfara numbers are adjusted to 2005-2006 school year, using year-on-year inflation rates as reported by the central bank of Nigeria for December, 2006. All data on quality indicators are drawn from the basic and secondary education statistics in Nigeria for 2005, 2006 and 2007 produced by the Federal Ministry of Education, Nigeria.

The state education accounts prepared for Kano estimate total expenditure on education during the 2005-2006 school year as NGN (the local currency Nigerian Naira) 27.2 billion for 2.3 million students in pre-primary to university levels. Public spending made up 77% with private spending accounting for 22% of total spending. Rest of the world contributed less 0.4% of total expenditure. In comparison, total education spending in Zamfara was NGN19.4 billion (NGN21.2 billion in 2006-2007) on 620,000 students in pre-primary to university levels. Public spending in Zamfara accounted for 80% of total spending, with the remaining coming from private sources. Although Zamfara State is significantly smaller than Kano State, with a third of the population and a quarter of the students, education expenditure in Zamfara State is more than 3-quarters of total expenditure in Kano State.

The federal government was the main source of financing for education in Kano, accounting for almost 41% of total spending on education (53% of public expenditures) compared to Zamfara where it was 30% of total spending (38% of public expenditures) (see Table 1). Kano spent 29% of its state budget on education, equivalent to 31% of public spending on education, compared to 18% allocation of state budget in Zamfara, which accounted for 50% of public spending. Local government expenditures were relatively insignificant, accounting for 6% of total spending (8% of public expenditures) in Kano compared to 10% of total spending (13% of public expenditures) in Zamfara. In addition, funding for education represented 29% of the total State budget in Kano (NGN49.2 billion)—higher than the UNESCO (United Nations Educational, Scientific and Cultural Organization, 2006) standard of 26%—it represented only 18% of the State budget of Zamfara (NGN43.8 billion). Kano State has 2.27 million students (public and private) compared to 0.62 million in Zamfara, which translates to average annual expenditure per student of NGN11,970 in Kano compared to NGN31,326 in Zamfara.



**Table 1 Sources of financing: Kano and Zamfara states**

Source	Kano (%)	Zamfara (%)
Public	77.4	80.1
(of which) Federal	60.5	37.5
State	39.3	49.8
Local	0.2	12.7
Private	22.2	19.9
(of which) Households	11.7	52.7
Private investors	10.3	46.4
Internal NGOs	0.2	0.9
Rest of the world	0.4	0.4
Total	100	100

#### 4.1 Financing agents

In Kano, the state government was the largest financing agent, managing more than half of all education spending. The federal government provided 60% of all public funds, but managed only 15% of the funds. Households and private sector schools were responsible for deciding on the use of 22% of the funds. However, in Zamfara, though the federal government provided more than a third of the financing given to the sector, it managed only 5%. The state government, which contributed half of the funds, managed two-thirds of the funds while the local government managed a little less than one-third. In Kano, households contributed 11% of the total financing for education compared to 16% in Zamfara.

#### 4.2 Providers

Education financing at the primary schools level represents one-half of the funding in both Kano and Zamfara states (see Table 2). But Zamfara spends a greater percentage on secondary education (32%) than Kano (20%) whereas Kano spends a greater percentage on tertiary schooling (24%) compared to Zamfara (9%). The greatest differences in per student spending between Zamfara and Kano were at the primary and secondary levels. In Zamfara State, three times more is spent on secondary education than primary education; while in Kano State, two times more is spent on secondary education. The most striking disparity among average student educational expenditure by level is the difference between primary education and tertiary education: Average student expenditure for tertiary education is 19 times greater than primary education in Zamfara State compared to a little over 5 times greater in Kano State.

**Table 2 Financing agents to providers by levels, Kano and Zamfara**

Provider by level	Financing agents					
	Public (%)		Private (%)		Total (%)	
	Kano	Zamfara	Kano	Zamfara	Kano	Zamfara
Administration	6	16	5	0	6	13
Pre-primary		1	15	6	3	2
Primary	45	47	51	35	47	44
Secondary	18	25	29	58	20	32
Tertiary	31	12	0	0	24	9
Grand total	100	100	100	100	100	100

More students live in rural areas compared to urban areas in both Kano and Zamfara (see Table 3), though more is spent in urban areas compared to rural areas in both states. For both states, about half of the expenditures could not be attributed to either rural or urban areas. Of the remaining, Kano allocated one-third to rural schools and two-third to urban schools. In contrast, Zamfara spent a little more than one-half on urban schools and a little less than one-half on rural schools. Higher expenditures in urban areas suggest that rural children have less of a chance of receiving an adequate education.

**Table 3 Financing agents to providers by location, Kano and Zamfara**

Provider by urban/rural	Financing agents					
	Public (%)		Private (%)		Total (%)	
	Kano	Zamfara	Kano	Zamfara	Kano	Zamfara
Rural	15	27	19	0	16	21
Urban	31	25	34	19	32	24
Unallocated	54	48	46	81	52	55
Grand total	100	100	100	100	100	100

Both Kano and Zamfara allocate almost the same percentage of funding to private schools and the percentage of students is the same as well (see Table 4). Differences arise in distribution of household spending, 83% of which goes to private schools in Zamfara State compared to 64% in Kano state.

**Table 4 Financing agents to providers by ownership, Kano and Zamfara**

Provider by ownership	Financing agents					
	Public (%)		Private (%)		Total (%)	
	Kano	Zamfara	Kano	Zamfara	Kano	Zamfara
Public schools	100	100	36	17	86	83
Private schools	0	0	64	83	14	17
Grand total	100	100	100	100	100	100

Most of the funding for religious schools came from the private sector in both Kano and Zamfara. In Zamfara, the majority of public schools are actually “integrated schools”, i.e., religious and secular studies are included in the curriculum. In both Kano and Zamfara, private sector schools consists Islamiyya schools, where religious study predominates and secular schools (see Table 5). For Zamfara, while 59% of the schools are Islamiyya schools and 57% of the private schools students attend those schools, they receive 69% of all private sector funds and 4% of all public sector funds. In Kano, Islamiyya schools are only 22% of the private schools, have 26% of the private school students and received only 8% of private funding.

**Table 5 Financing agents to providers by type (Islamic/Secular) Kano**

Provider by type	Financing agents					
	Public (%)		Private (%)		Total (%)	
	Kano	Zamfara	Kano	Zamfara	Kano	Zamfara
Islamiyya	1	4	8	69	2.4	14
Secular	99	96	92	21	97.6	81
Grand total	100	100	100	100	100.0	100

### 4.3 Categories of expenditures/uses

In both Kano and Zamfara, a little less than 20% of the expenditures in the education sector were for capital expenditures. The major difference in expenditures was for personnel, with Kano spending 57% of all allocations compared to only 35% in Zamfara. Zamfara, on the other hand, spent more on running costs (37%) than Kano (21%). Zamfara also allocated a higher percentage to maintenance than Kano.

### 4.4 Household financing

Households financed 12% and 16% of total expenditures on education in Kano and Zamfara respectively. In Kano, 40% of household spending is on uniforms and transport, compared to 21% in Zamfara. Most household spending in Zamfara was on quality related items: 53% for school fees and 10% for books, compared to 15% school fees and 27% books in Kano.

### 4.5 Analysis of expenditures

Both the amount of resources devoted to education and how these resources are used are important factors influencing educational quality and student outcomes. Per capita and per student expenditures on primary education in Zamfara State was almost 3 times that in Kano State. However, the positive impact of the higher expenditure levels for primary education in Zamfara State is not consistently reflected in educational quality indicators reported for the 2 states<sup>1</sup>. For instance, both Kano and Zamfara had lower GER (gross enrolment) and NER (net enrollment rates) than the overall rates for the country as a whole GER: 90, 53 and 96 for Kano, Zamfara and Nigeria respectively; the NER was 73, 46 and 84. Similarly, both Kano and Zamfara had lower levels of enrollment for girls than the national average, with the gender parity standing at 0.79, 0.43 and 0.89 respectively. The pupil teacher-ratio was 1:55 in Zamfara and 1:47 in Kano, both higher than the national standard of 1:40. Similarly for textbooks, a major ingredient in education quality and student learning where the recommendation is for every student to have access to the core text books, on average one-in-three students in Kano has access to the core textbooks used to teach the 4 core subjects in formal schools, and only one-in-eleven students has access to core textbooks in Zamfara State.

Zamfara is a fairly new state, and higher spending levels in Zamfara State may be a recent phenomenon. It is possible that sufficient time has not elapsed for it to positively impact the delivery of educational services. However, these comparisons are important, as they form the baseline for the next round of SEA and allow the government to track progress toward their goals and targets.

Both Kano and Zamfara states demonstrate a high commitment to education by the government, which strives to meet the UNESCO standard of spending on education at 26%. In Kano, the government spent 29% of their budget on education, while in Zamfara the government spent more for per student but less as a percentage of the state budget. Both Kano and Zamfara states spent half of total expenditures on primary education. With the extension of basic education to include 3 years of secondary education (total of 9 years), a shift of expenditures towards secondary education can be expected in coming years. On the other hand, increases in enrolments, particularly in Zamfara State, suggest that even more funding will be needed by primary schools.

In both Kano and Zamfara states, urban areas are favored over rural areas, though the difference in Zamfara is less than that for Kano. Again, improvements in enrollment rates, particularly for Zamfara, will translate to larger investments in rural schools. The majority of students attend public school while the same percentage attend

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<sup>1</sup> 2007 World Development Indicators. Retrieved September 2, 2009, from <http://www.worldbank.org>. Basic and Senior Secondary Education Statistics in Nigeria for 2005, 2006 and 2007 produced by the Federal Ministry of Education.

private schools in both states. In Kano, the per-pupil costs for public and private education are almost the same, while student costs for public education are higher for private students in Zamfara. Private schools in Zamfara State also tend to outperform public schools particularly in terms of girls' participation.

Priorities articulated by the Kano government at the time of the SEA were to: (1) improve infrastructure; (2) build more junior and senior high schools; (3) recruit more teachers; and (4) improve tertiary education. The SEA data confirms that 2 of the state's goals—more teachers and improved tertiary education—were on their way to be achieved. In contrast, the priorities of the Zamfara government were to: (1) provide access to quality education for all students through a mass education program to rapidly fill the gap in enrollment rates; (2) integrate western education into Islamic education structure of schools, with a particular goal of increasing girls education; and (3) endorse private schools in partnerships with government to increase overall enrollment and enable government resources to be better concentrated. The SEA data indicate that more is being spent on private education from private and government sources, both Islamic education and secular education are being supported in public schools, and enrollment rates for girls are increasing, particularly in private schools. In Kano State, most public expenditures were directed toward capital projects, while private expenditures focused on recurrent expenditures. Comparatively, little was spent on maintenance in Kano, while in Zamfara, the public sector spent most of its resources on maintenance of infrastructure and the private sector spent most of its resources on recurrent expenditure.

## 5. Discussion

Nigeria clearly recognizes the importance of education as a key means with which to reduce poverty, improve the lives of its citizenry, and foster economic, including non-oil growth. The country has made significant improvements to the sector as a result of the governments' commitment to setting policies and launching major reforms. As a result, more resources have been allocated to basic education in the past 5 years, and the quality and relevance of tertiary education has been improved since 1999. However, institutional and capacity deficiencies remain, posing key challenges not only to effective planning and budgeting, but also to effective accountability across the system. Currently, the allocation of responsibilities and powers for key decisions is so ambiguous and overlapping that there is no clear understanding of who is accountable or responsible.

The relationship between efficiency and expenditures in Nigeria is one of the key challenges to the provision of adequate education services. In 2006, the federal government accounted for almost half of total education expenditures, making state and local governments the main source of education funding in Nigeria. However, data show a decline in real terms of total state education expenditures, with a corresponding increase in federal government financing for basic education off-budget, through the Education Trust Fund, UBE Intervention Fund and the Virtual Poverty Fund. Although these interventions will help achieve the education-related MDGs (millennium development goals) and EFA (education for all) goals, budgeting and the coordination of financing across the 3 tiers of government remain an enormous challenge.

Finding ways to hold federal, state and local governments accountable for how they manage their resources is paramount for effective and efficient service delivery. Poor accountability with limited transparency must be tackled in order to achieve major educational goals. Some expenditure disparities may also impede Zamfara State's ability to meet access and educational quality goals. Although there are many factors to explain this, currently Zamfara State falls behind Kano State in most educational quality indicators and some students' outcome indicators, especially gender parity an EFA goal. Primary education—the target of the EFA goal—is

perhaps underfinanced in view of the discrepancy between its share of enrollment and share of expenditures while, using the same logic, tertiary education may be overfunded. Urban areas are favored over rural areas, with higher per capita expenditure and greater shares of expenditure than the percentage of enrollments and school-aged children warrant. The high pupil-teacher ratios in rural areas compared to urban areas suggest that underfunding is having a negative impact in rural schools. Private schools in Zamfara State outspend public schools on a per student basis for primary education, but they tend to perform disproportionately better on education quality indicators and some student outcome indicators, particularly girls' educational participation. Notably, private schools spend much less on personnel costs and more on recurrent costs (particularly instructional materials and student expenditures) than public schools. However, neither public nor private schools meet the national averages on educational quality and students' outcome indicators for primary school.

Both the gross enrollment ratio and the net enrollment rate are considerably lower in Zamfara State compared to Kano, however, there are fewer under- and over- aged children enrolled in primary school in Zamfara, unlike in Kano State where a 17% point difference existed in 2005. The disparity between girls' and boys' participation in Zamfara is wide at 0.43 GPI (Gender Parity Index, 2007), with 32% of girls enrolled compared to 75% of boys. However, there are more female students (53%) than boys enrolled in Islamiyya schools and in private secular schools, there is 100% parity in the enrolment of male and female students. There is much inefficiency in the delivery of education services across the tiers of government and within the subsectors. Although evidence based on official and survey data are not sufficient to identify sources of inefficiency, this report identifies the structure of expenditures as a major source of inefficiencies in the education sector. At the federal level, the data suggest that budgets are not quite adequate. At the state and local levels, service delivery needs to improve and although most states have directed more resources for education, these funds have been allocated largely to teacher training and salary increases.

As has been argued, Nigeria's education system is fragmented by the concurrent responsibility of the federal, state and local governments, with roles and responsibilities assigned to each tier of government unclear or overlapping, especially in the areas of textbooks, instructional materials and teacher training. However, it is concurrent accountability that needs revision and the responsibility for management needs to be concentrated within one agency and within a specific tier of government. Clarification of responsibilities and establishing accountability for the delivery of education services among levels of government and education agencies is critical.

At present, there are no accurate estimates of enrollment and expenditures on education in Nigeria with which to assess the effectiveness and performance of the education sector. At the federal level, careful collection and analysis of additional data, focusing on enrollment, staffing, costs, finance (both budgetary and non-budgetary) and outputs (for example, number of students, graduates, research outputs) are needed. However, such data are not readily available, collected or analyzed to examine overall education expenditures. NEAs of Kano and Zamfara presented above are perhaps the first such attempt, and suggest that improvements in data are a long-term priority of the government. The analysis presented above makes a strong case for stronger capacity on the part of federal, state and local governments to collect, analyze and report data more effectively. In order to produce better budget reports, the education sector across all 3 tiers of government needs to provide more details regarding costs, with greater accuracy and in a consistent manner. If these documents are available from the federal government, then the education sector would be well placed to provide detailed costing of the amount of money allocated, received and spent within a given period.

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