

Nigerian Formal Education Sector

SUMMARY REPORT: 2010- 2012



NATIONAL BUREAU OF STATISTICS

February 2015

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SECTION ONE

History of the Education Sector in Nigeria

Formal education in Nigeria began when the first primary school opened its doors in 1843 in Badagry, Lagos. This school was then owned by the Methodist missionaries, marking the first evidence of private sector stimulated delivery of education in Nigeria.

Following this, was the flag-off of secondary school education in Nigeria by Christian missionaries with the establishment of the C.M.S Grammar School also in Lagos in 1859. By the year 1914, when both the Northern and Southern Protectorates were amalgamated, there were a total of 59 government and 91 mission primary schools in the South; all 11 secondary schools except for King's College Lagos were run by Missions.

Due to the pressure on the need to have more schools across the Federation, additional schools were created by local efforts in the 1920s to meet these needs. Since then, the private sector's involvement in education delivery across Nigeria has been on the increase. The various bodies that constitute the major private sector elements involved in providing basic, post-basic and higher education in Nigeria include; private individuals, communities, corporations, foundations and religious bodies.

The growing confidence in private schools across Nigeria over the years has been informed by the belief that these schools out-perform their public counterparts particularly in the area of education. Also, owing to the peculiar nature of education in Nigeria, most private schools are known to be consistent with their academic calendars compared with public schools which are known for repeated strikes and unstable time frames.

While there is no doubt that the private sector has contributed significantly to the growth of the education sector in Nigeria, it is also a reality that there have been some challenges along the way. The efficiency and effectiveness of private schools across Nigeria is marred by the lack of accreditation and high tuition, as just some of the challenges facing private sector-driven services in education.

In Nigeria, basic education typically begins at the age of six. This is comprised of six years of primary school and three years of junior secondary school (JSS); the first nine years of basic education is mandatory. It is equally pertinent to note that achieving Universal Primary Education (UPE), Millennium Development Goal (MDG) 2, may present a major challenge for Nigerian, based on the most recent data from National Bureau of Statistics (2014). The net attendance for primary school in 2014, stood at 68.7% compared with 2012, which was 71%. Similarly, Secondary school net attendance rate was 54.80% and 57.40% in 2012 and 2014 respectively. The primary six Completion Rate was 87.70% in 2012 and by 2014 had declined to 74%. Furthermore,

Literacy rate of 15-24 year-olds (women) was at 66% in 2012 and increased slightly to 66.70% by 2014.

Education remains a potent tool for self-reliance and national development in Nigeria. Studies show that education or human development is at the core of every socio-economic development program for any nation.

There are a number of challenges that the education sector in Nigeria remains confronted with. These according to the sector operators include academic staff shortages in all areas of the education sector in Nigeria particularly in the critical areas of Science and Technology. In addition to these human capacity gaps, there are also the challenges associated with education quality and insufficient investments to keep pace with Nigeria's growing school-age population.

In the 2012 fiscal year, the sum of N400,150.00 million, representing 8.43% of the national budget, was allocated to education. Out of this, N345,090.00¹ million, about 82%, was allotted to recurrent expenditure, while only N55,056.00 million, that is 18%, was for capital expenditure.

The challenges associated with the education sector, particularly in higher education, has led to an increased number of Nigerians going abroad in pursuit of better education standards. For instance, according to the United States Embassy in Nigeria, Nigeria remains the largest source of students from sub-Saharan Africa to the United States. As at January 2012, there were a total of 6,568 Nigerian students studying in over 733 regionally accredited U.S colleges and universities.

As at 2010, close to 3 million children aged 6 to 14 years had never attended any school in Nigeria. This represents 8.1% of the population of children within that age group. Also, during the same period, about a million children aged 6 to 14 years dropped out of school. This represents 3.2% of the population of children in that age group that never attended school in Nigeria.

Furthermore, there re regional variations as the percentage of the population that attended schools in the year 2010 was higher in urban areas (91.4%) than in rural areas with 80.7%. Also, gender variation still exists in school attendance in Nigeria. In the aforementioned year, females' attendance stood at 81.2%, lower than that of males' with 88.1%.²

As Nigeria strives to improve the quality of education across all levels, it remains pertinent that efforts and opportunities aimed at ensuring better standards of education in Nigeria are fully utilized. In addition to this, while a lot has already been done to revive the sector in recent times, more still needs to be done with regards to ensuring improved funding for the

¹ Of this amount, N317,896.00 million went to personnel costs and N27,192.00 million was to overheads.

² Attendance rate refers to daily attendance in school, while 5enrolment

education sector in Nigeria, considering the important role education plays in national development.

SECTION TWO

Overview

The information contained in this report covers only the formal education sector, which includes kindergarten/nursery, primary, secondary and tertiary education for the period covering 2010-2012, unless otherwise stated.

The education sector witnessed significant changes within the period of 2010 to 2012 at which time student enrolment rose steadily, which invariably led to the demand for more employees in that sector and unavoidably a rise in expenditure on both compensations and intermediate inputs. Total revenue generated from peripheral activities in the education sector also witnessed significant increase in those years.

Education Contribution to Gross Domestic Product

The Education Sector contributed 1.51% of the national Gross Domestic Product (GDP) in 2010, which was valued at N826,671.62 million. A 34.36% growth in the sector, would increase its share value to GDP to 1.76% in 2011. A slower growth rate of 12.78% would increase the sector's absolute value in 2012, but its share would decline very slightly to 1.75%.

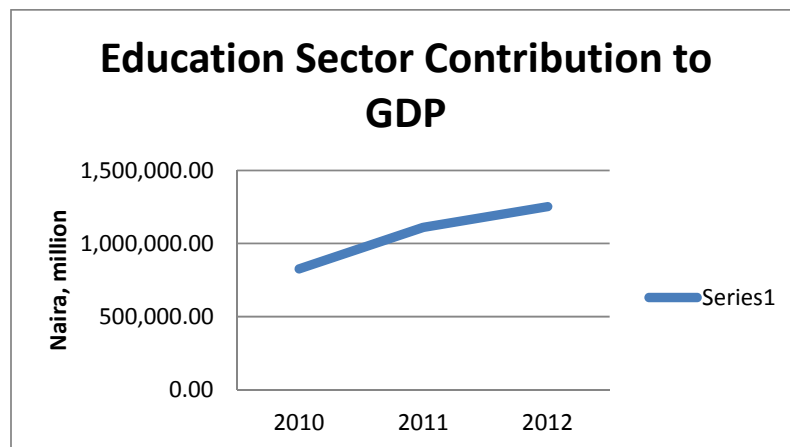


Figure 1 Education Sector Contribution to GDP

Employment

The education sector in Nigeria constitutes a significant part of the labour force. The total number employed in the education sector was 1,987,742 in 2010. An increase by 3.90% would take its 2011 total to 2,065,225, and by 2012 it had reached a total of 2,227,784 employees, showing an average growth rate of 6.97% within the period.

Nigerian females made up the largest demographic employment group in the education sector, with a share of 56.59%, 56.26% and 54.70% for 2010, 2011 and 2012 respectively. The ratio of the Nigerian female to the second highest employment group, the Nigerian male, was 0.75, 0.70 and 0.73 in 2010, 2011 and 2012. The average growth rate of Nigerian female employees in the period considered was 8.46%.

Table 1 Employment Size by Nationality and Gender

	2010	2011	2012
NIGERIAN MALE	814,017	816,495	933,958
NIGERIAN FEMALE	1,087,008	1,168,770	1,278,687
NON-NIGERIAN MALE	82,100	76,807	56,197
NON-NIGERIAN FEMALE	4,617	3,153	3,942
Total	1,987,742	2,065,225	2,272,784

In 2011, the total number of Nigerian males in the sector increased by only 0.30% from the previous year to reach 816,495, which was 41.10% of the education labour force. In 2012, this group's number would increase at a much higher growth rate of 14.39%, thereby increasing its share to 40.95% of total employment size for the sector.

Non-Nigerian employees made up less than 5.00% of the total employment in the sector, with males making up a considerable greater percentage of the group than females. Males declined by 6.45% in 2011 to 76,807 giving the group a share of 2.47%. However, a further decline of 26.83% in 2012, left the group with a higher share of the total at 4.13%. Non-Nigerian females showed a decline in numbers in 2011 by 31.71%, but would have an increase of 25.02% in 2012 to reach a total of 3,942 employees.

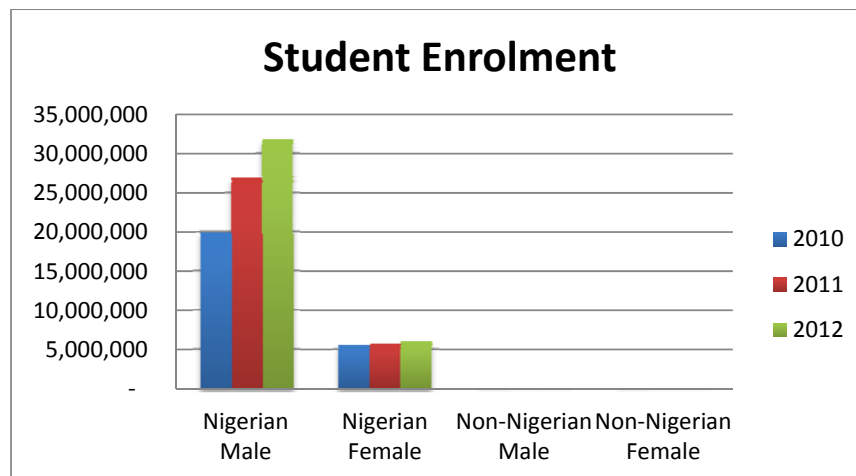
Student Enrolment

Since 2010, the number of students enrolled in the formal education sector has increased significantly. In 2010 the total stood at 25,754,380, which increased by 27.49% to 32,834,449 and by 15.46% to 37,911,596 in 2011 and 2012 respectively, showing an average growth rate of 24.48% for the period.

Nigerian males made up a significant portion of the student body, increasing its percentage share each year from 77.55% in 2010 to 83.82% in 2012. Over the period under review, the ratio of Nigerian male students to Nigerian female students, being the second highest group, averaged at 4.5:1. The number of Nigerian male students increased by 59.12% or 11,806,478, between 2010 and 2012. Nigerian female students increased by only 8.43% or 464,058 in the same period. In fact, Nigerian female student numbers increased at an average of only 4.13% for the years considered, while their male counterpart numbers increased at an average of 26.42%.

Non-Nigerian student numbers started off in 2010 with relatively high numbers but by 2012, the males would decline by 40.62% while females declined by 41.72% of their 2010 numbers. This decline would also affect their share of total student enrolment numbers, with males going from 0.55% in 2010 to 0.22% in 2012 and females from 0.51% to 0.20% for the same period.

Figure 2: Student Enrolment 2010 to 2012



Revenue/Income Generation

Revenue or income generating activities in the Education sector went up steadily from 2010 to 2012 at an average growth rate of 22.68% for the period. Total revenue went up by 23.29% or N334,356.55 in 2011 to reach N1,769,973.10 million. A further increase by 22.07%, would take total revenue to N2,160,684.61 million in 2012.

The highest grossing activity in the sector for all three years was School Fees, which contributed 78.45%, 75.73% and 67.67% in 2010, 2011 and 2012 respectively of the total revenue. Although School Fees' absolute value increased yearly its percentage growth slowed down, thereby reducing its share to the total revenue, yearly.

Transport Services was the second highest earner for 2010, holding a share of 8.12% with a value of N116,501.47 million, N1,009,671.58 million less than the highest earner for the year. Transport Services lost its second position to Operational Income in 2011 and 2012, mainly due to Operational Income's high growth rate of 208.27% in 2011, which took its share of total income from 3.06% in the previous year to 7.66%. A further increase by 51.01% or N69,129.44 million would take Operational Income's total contribution to the sector's income in 2012 to N204,647.01 million.

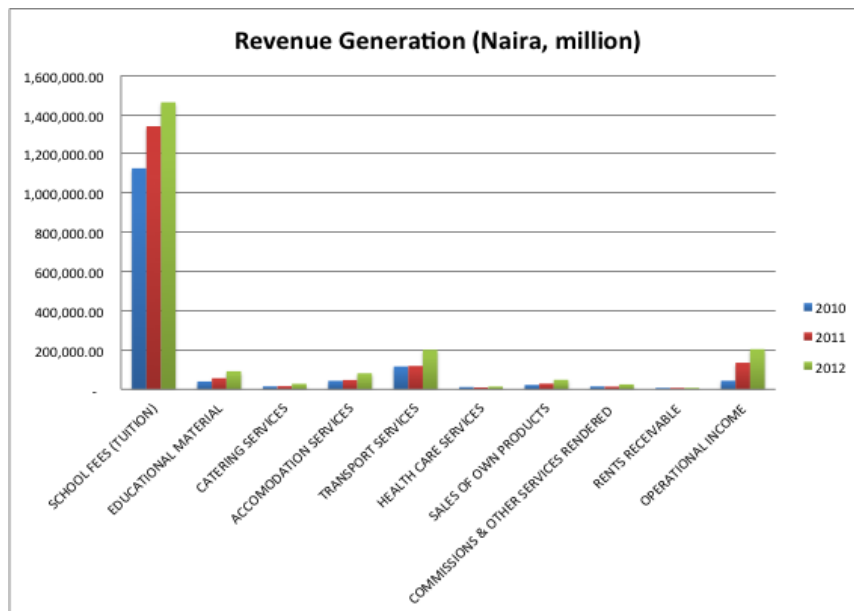


Figure 3 Revenue Generation (Naira, million)

In all three years only two activities, Healthcare Services and Commission & Other Services Rendered, saw declines in their revenue value; both declines occurring in 2011. Healthcare's revenue declined by 15.52% in 2011, but would see a positive growth of 44.27% in 2012. Commission's revenue declined by 6.56% in 2011, but saw a huge growth rate of 81.82% the following year.

Compensation

Compensation includes 'Salary and Wages', 'Directors' Fees and Allowance', 'Other Benefits', and 'Other Expenses' (auditors fees, payments to nominal directors). The amount expended on compensation in all these areas increased steadily at an average growth rate of 24.60% from 2010 to 2012.

In 2010, 91.58% of the total compensation went to payment of Salary and Wages. While in 2011 and 2012, it went up to 93.78% and 97.35% respectively of the total compensation. 2011 saw the greatest growth rate for Salary and

Wages, with a 41.14% increase from the previous year. By 2012, the growth rate slowed to only 15.61% reaching a total of N498,802.18 million for the year.

The second highest spend for all three years was on Directors' Fees and Allowances, whose share of the total dropped from 5.42% in 2010, to 4.18% in 2011 and by almost 3 percentage points to 1.73% in 2012. Its highest decline of 54.04% was in 2012.

Table 2: Compensation, 2010 – 2012 (million)

Compensation (Naira, million)	2010	2011	2012
SALARY AND WAGES	305,687.77	431,450.33	498,802.18
DIRECTORS FEE & ALLOWANCES	18,095.49	19,239.60	8,843.41
OTHER BENEFITS	2,188.73	2,319.02	1,252.78
OTHER EXPENSES, AUDITORS FEE PAYMENT TO NOMINAL DIRECTORS	7,826.47	7,055.10	3,457.95
Total	333,798.46	460,064.05	512,356.32

Intermediate Input

The intermediate input for the education sector, represents overheads and running costs, such as bills and licenses, rents, repairs and maintenance, advertising, consultancy fees, trainings and travel allowance for staff. The amount expended on intermediate fees increased from N626,222.36 million in 2010 by 8.98% to N682,466.12 million in 2011 and by a significant 36.88% in 2012 to reach N933,858.61 million. This means that between 2010 and 2012, intermediate input rose by 49.17%.

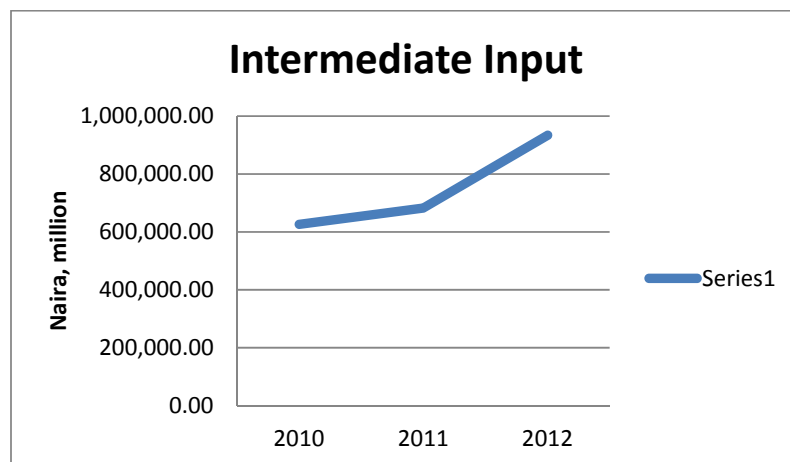


Figure 4 Intermediate Input (Naira, million)

The greatest spend in 2010 for intermediate inputs went to printing and stationery, which had a share of 15.12% or N94,654.36 million. This would drop by 59.74% to a new share of 5.58% of the total for 2011, no longer the highest. However, a growth rate of 565.96% for 2012, would once again make printing and stationery the highest of the total with a share of 27.17%.

The group, Subscriptions, membership fees etc, had the second highest share in 2010, and though it dropped by 7.84% in 2011, it managed to have the highest share of the total at N65,205.96 million or 9.55%. In 2012, it had an increase by 1.76% but now had the fifth highest share of the total.

Other sources of electricity consumed the least amount of funds for all three reporting years, with an average share of 0.83% and average growth rate of 19.17%. See Table 5 in the Annex.

Stock of Inventories

Total stock of inventories in the education sector opened at N13,574.36 million, dropping by 21.88% to close in 2010 and open in 2011 at 10,604.70 million. A 36.18% increase would take the closing value of the stock to N14,441.972 million in 2011. At the close of 2012, the value of the stock would drop by 14.11% to close at N12,403.76 million, 8.62% less than its opening value in 2010.

Table 3 Stock of Inventories, 2010-2012 (Naira, million)

	2010	2011	2012
OPENING STOCK	13,574.36	10,604.70	14,441.97
CLOSING STOCK	10,604.70	14,441.97	12,403.76

Gross Capital Formation

In 2010, total gross capital formation (GCF) for education was N5,280,638.43 million, which rose by 15.11% to N6,078,383.45 million in 2011 and in 2012 by 10.65% to reach N6,725,700.36 million, 27.37% more than its 2010 total.

In all three years, Residential Buildings made up more than 85% of the total cost of GCF, with its greatest share being 89.80% in 2012. With an average growth rate of 15.88% over the three years considered, total cost for Residential Buildings went from N4,498,327.16 million in 2010 to reach N6,039,817.69 million by 2012.

Office Furniture was the second highest GCF expenditure in the sector. However, its share of the total fell each year though from 9.39% in 2010, to 8.64% in 2011 and down to 4.55% in 2012, 4.84% points less than its share in

2010. Its highest value was in 2011 with a total of N525,074.58 million, which would fall by 41.74% in 2012.

The greatest percentage increase in expenditure was for Transport, which went up by 290.67% from 2010 to 2011. The greatest percentage loss was for Machinery, which had a decline by 58.45% in 2012.

Table 4 Gross Capital Formation, 2010-2012 (million)

	2010	2011	2012
RESIDENTIAL BUILDING	4,498,327.16	5,178,564.22	6,039,817.69
NON-RESIDENTIAL BUILDING	209,158.96	219,737.83	247,392.60
MAJOR REPAIR AND RENOVATION	9,620.62	10,384.10	15,877.77
MACHINERY	10,181.64	8,338.70	3,464.94
COMPUTER	12,468.41	11,545.61	10,764.63
EQUIPMENT	17,454.42	17,068.72	11,317.47
OFFICE FURNITURE	495,867.16	525,074.58	305,915.43
TRANSPORT	27,560.05	107,669.69	91,149.84
TOTAL GROSS CAPITAL FORMATION	5,280,638.43	6,078,383.45	6,725,700.36

Depreciation

In 2010, the education sector had its value of depreciation at N24,326.24 million. A 34.03% increase would increase its value to N32,604.76 million in 2011 and by 2012 it would increase by a further 13.03% to reach N36,852.20 million.

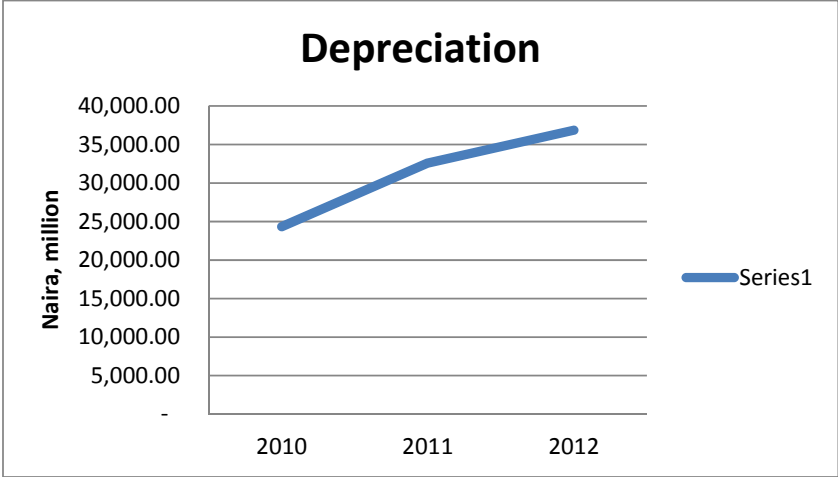


Figure 5 Depreciation 2010-2012 (Naira, million)

Annex: Tables

Table 5 Intermediate Input

Intermediate Input (Naira, million)	2010	2011	2012
ELECTRICITY PHCN BILLS	51,964.72	50,464.59	45,307.93
FUEL COSTS (GENERATOR)	57,633.67	49,548.30	85,329.93
OTHER SOURCES OF ELECTRICITY	5,203.61	6,010.50	7,383.31
TRAINING & EDUCATION	27,522.96	17,253.32	37,536.50
BANK CHARGES (NOT INTEREST)	10,524.25	52,753.06	13,858.33
MOTOR VEHICLE ASSOCIATED COSTS	51,869.63	53,744.58	67,940.68
COST OF POSTAGE & TELECOMMUNICATIONS	14,139.26	16,587.56	18,754.06
PER DIEM / TRAVELLING ALLOWANCES FOR STAFF	13,413.11	34,011.79	22,937.82
RENTS ON MACHINERY & BUILDINGS	33,812.61	30,145.80	41,857.55
WATER & SEWAGE CHARGES	10,678.77	11,875.67	15,076.18
ADVERTISING	25,820.49	34,392.30	53,418.29
REPAIR & MAINTENANCE (MINOR)	38,423.06	48,690.28	66,672.82
SECURITY SERVICES	33,268.00	33,591.09	43,387.33
CONSULTANCY FEES COMPUTER SERVICES	48,056.13	50,691.60	60,847.99
PRINTING & STATIONERY	94,654.36	38,108.74	253,787.48
SUBSCRIPTIONS, MEMBERSHIP FEES, LEGAL EXPENSES, OPERATING LICENSES	70,753.29	65,205.96	66,355.89
SOCIAL BENEFITS	28,352.83	72,532.63	17,862.44
OTHER	10,131.60	16,858.34	15,830.29
TOTAL	626,222.36	682,466.12	934,144.84

Table 6 Revenue Generation

Revenue (Naira, million)	2010	2011	2012
SCHOOL FEES (TUITION)	1,126,173.05	1,340,423.41	1,462,215.01
EDUCATIONAL MATERIAL	40,206.22	56,770.83	92,286.43
CATERING SERVICES	15,185.14	16,336.75	28,400.12
ACCOMODATION SERVICES	43,647.18	47,611.24	81,803.27
TRANSPORT SERVICES	116,501.47	119,122.92	201,550.47
HEALTH CARE SERVICES	11,827.47	9,991.96	14,415.74
SALES OF OWN PRODUCTS	22,444.70	29,286.60	48,645.33
COMMISSIONS & OTHER SERVICES RENDERED	14,971.02	13,989.15	25,435.71
RENTS RECEIVABLE	700.23	922.66	1,285.52
OPERATIONAL INCOME	43,960.08	135,517.56	204,647.01
Total	1,435,616.55	1,769,973.10	2,160,684.61