EDUCATION FINANCING AND ECONOMIC DEVELOPMENT IN NIGERIA

E. J. Okereke *Ph.D,*

L. N. ABRAHAM *Ph.D*
Faculty of Education, University of Port Harcourt

&
E. U. Ofierohor
Faculty of Management Sciences, University of Port Harcourt
emeka.okereke@uniport.edu.ng

Abstract
The study empirically investigated education financing and development over a period of 2001-2018 utilizing secondary data sourced from Central Bank of Nigeria Statistical Bulletin (CBN), World Development Index and World Bank Data Atlas. Descriptive statistics was carried out in the course of this study and other estimation techniques such as unit root test, Johansen Cointegration test, Error correction model and granger causality test. The study discovered that broad based grant, technical corporation grants, ETF Fund allocation, government budget on education, USAID disbursement to primary schools, USAID disbursement to secondary schools, USAID disbursement to Post-Secondary schools and education financing influence human development index insignificantly. It was also discovered that broad based grant, USAID disbursement to primary schools and USAID disbursement to secondary schools influence human development index negatively while technical corporation grants, ETF Fund allocation and USAID disbursement to Post-Secondary schools affect human development index positively but insignificant. The study recommended that Government should summon the political will to progressively achieve the 26 per cent of budgetary allocation to education sector for developing countries like Nigeria, as recommended by UNESCO. Again, Capital infrastructural, educational materials/facilities, capacity building and welfare package of teachers and lecturers should be a major focus to ensure the transfer of quality knowledge to the growing young generation that would translate into increased innovation, productivity and general wellbeing of the people.

Introduction
Education is the main stay of societies and key to their growth and development- social, economic, political, etc. It provides a good platform for the transfer of knowledge, skills, values, aptitudes, attitudes, habits, beliefs, which are the main variables to the stability and growth of any society. Thus, education is the most powerful weapon countries use to outsmart the other, through the acquisition of, not only, the right knowledge but ability to finding the relevant information and their application. In the words of Nelson Mandela "Education is the most powerful weapon you can use to change the world"

(Mohammad, 2016). This makes education the road map to societal progress and development and very sacrosanct in the ladder of life. It said that education, which generates knowledge, is power: power to good living, power to make wealth, power to good relationships, etc. According to Nwachukwu (1977), education is seen by the populace not only as the lever for social mobility but also as a guarantee for a comfortable living. The critical place of education is summarized by Plato when he wrote: "If a man neglects education, he walks lame to the end of his life." Consequently you have undeveloped minds, spirit, soul and body leading to ruined society. It takes a developed mind, achieved through education, to have a decent and developed society. Thus, education transforms the learners by changing their behaviour leading to change in institutions, organizations and society where they find themselves.

Essentially, changes in organizations, institutions and the society at large are made possible through human resource, which need change to change these organizations, institutions and the society in general. Such change, which is sustainable, is only made possible through quality education. It has been noted that education brings a natural and lasting change in an individual's reasoning and ability to achieve the targeted goal (http://examplanning.com). Thus, education brings positive change in behavior and habit or life style of learners (human asset). The changed man is equipped to ask the right questions (why, what, when, where who and how) of the society. This is with a view to providing answers to societal developmental problems. The ability to ask these questions and resolve societal problems is a function of the level of knowledge, skills, values, etc acquired, which is measured by the quality of education in place. By extension, the quality

of education is strongly related to the quantity of resources including financial resources invested and judiciously channeled. The quality of education measured by the level of funding is theoretically related to economic development or growth of the economy.

Essentially, increased funding without judicious application of such funds will amount to nothing but educational stagnation or retrogression. However, funds properly channeled will lead to improved education reflected in acquisition of relevant knowledge, skill and general change in behavior. This by extension leads to economic performance. Educated society engages their knowledge and skills productively leading to their development and growth. This brings to bear the importance of education in any society.

The importance of education cannot be overemphasized. According to Igbuzor (2006), the importance and linkage of education to the development of any society is well known. It has been documented that education satisfies a basic human need for knowledge, provides a means of helping to meet other basic needs, and helps sustain and accelerate overall development. Education helps to determine the distribution of employment and income for both present and future generations. Again, it influences social welfare through its indirect (and direct) effects on health, fertility and life expectancy. Thus education is central and of primary importance to the economy. In this spirit, Mordi, Englama and Adebusuyi (2010) Eds. see education as an art of imparting and acquiring knowledge through teaching and learning which facilitate the design of human development and environment with a view to achieving and sustaining a better quality of life. Consequently, educated society aligns to positive thinking and improving her environment. Education distinguishes one

society from others, as it provides for decent living. It is in recognition of this importance that the international community and governments all over the world have made commitments for citizens to have access to education through education financing to achieve not only general development but specifically economic development.

The health and status of any modern economy is measured by their level of economic development. Thus, economic development is a measure of improvement in the wellbeing of the people in terms of education, health and social/ political status. It is the relative advancement of the people of a nation in all areas of their lives. According to Wikipedia, it is the process in which a nation is being improved in the sector of economic, political and social wellbeing of its people (Retrieved 13/06/2019). This improvement is measured by a number of indicators including Gross Domestic Product (GDP) per capita, Human Development Index (HDI), etc.

Essentially, realizing the needed economic development in any economy depends on how governments at various levels are faithful in financing her education at all educational levels. This makes education financing very critical to the development of the economy especially in view of the dual characteristics of being a private good as well as public good. Again it has both supply and demand sides. The demand side is effective and enhanced to the extent the supply side is active through adequate financing leading to provision of educational materials and facilities, among others. Thus, the significant positive externalities education has is only realized when government play a proactive role is supplying education services sufficient enough (through adequate funding) to attract effective demand. In Nigeria, efforts have been made by governments at various levels to play proactive and post-active roles by providing funding through statutory budgetary allocations, aids (foreign and local), grants, intervention funds like Tertiary Education Trust Fund (TET Fund), Universal Basic education fund, etc.

Over the years, these funds have been made available to the education sector with a view to driving a healthy economic development. Whether this has been achieved along the line of the level of injections from the various funding sources (internal and external) has been an issue of concern. Thus, the aim of this study is to examine the impact of education financing on the economic development in Nigeria.

Literature Review
Conceptual and Theoretical Review
Investment in Education is an intangible one with long term gestation period. It is the channeling of funds to the education sector for productive purpose. It is majorly a social and economic investment. Generally, educational investment is fast growing and attracting national and global appeals. The yield is usually very massive as it affects not only the standard of living but also the *condition* and *style* of living of the educated individual or group and the society at large. This is because the change that occurred in the educated person (Human capital), which is sustainable, is contagious, as he positively influences any one that comes in close contact with him/her. This change, which is intellectual capital, when applied into productive use gives rise to increased productivity and consequent improved standard of living. Economic development is an all encompassing economic index for measuring total wellbeing of citizens of a country. It is the process of a country becoming more educated, wealthier, healthier and greater access to better living standard measured by access to good drinking water, housing, health care,

infrastructures, etc. Wikipedia (2019) defined economic development as a process in which a nation is being improved in the sector of economic, political, and social well-being of its people (Retrieved 22/07). From these, it is obvious that economic development is transition-driven (based).

Achieving the desired economic development benefit from education requires its adequate funding. By 1999 Constitutional provision of educational objectives in Chapter 11 Section 18 in which government shall strive to eradicate illiteracy, it became obvious that education is a substantial responsibility of the Federal, State and Local Governments and therefore they have constitutional duty to finance education in Nigeria. They accomplish this through direct budgetary allocations from the Federal Government through the Universal Basic Education Intervention Fund and the Tertiary Education Trust Fund; State Governments; Local Governments. In addition, private institutions/organizations and individuals (nongovernmental organizations and international donors) are in the financing of various levels of education in Nigeria, including public primary and secondary schools, colleges or post-secondary institutions, polytechnics, and universities. The Federal government funds these institutions through annual budgetary allocations and several targeted interventions funds, including the Tertiary Education Trust Fund (TETFund), Debt Relief Grant (DRG), Millennium Development Goals (MDGs), and Constituency Projects of Federal Legislators. Eternally, some of the sources include, among others, United States Agency for International Development (USAID) disbursement to primary schools, USAID disbursement to secondary schools and USAID disbursement to post-secondary schools.

The Balanced Growth Theory

The balanced growth theory is an economic theory pioneered by the economist Ragnar Nurkse (1907-1959). The theory hypothesizes that the government of any undeveloped country needs to be make large investments in a number of industries (Wikipedia, Retrieved 28/07/2019). The Balanced Growth Theory advocates that investors in developing economies need to conduct large scale investments simultaneously in diversified number of sectors mainly industries and agriculture, among others, in order to achieve the benefits of enlarged market size, increased productivity, enhanced purchasing power, increased domestic demands, and ultimately, provide fertile grounds for private sector participation in economic growth. However, this theory is limited by the fact that only governments may have the capacity to initiate such massive investments because of the associated risks.

The Human Capital Theory

Human Capital is the aggregate stock of competencies, knowledge, social and personal attributes embodied in the ability to create intrinsic and measurable economic values (simpleconomist.com). The proponents of Human Capital theory include Theodore Schultz, Garry Becker and Jacob Mincer but pronounced in the work of Becker (1964) titled "Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education." This theorist argued that an educated population is a productive population. Thus, Human Capital Theory emphasizes how education increases the productivity and efficiency of workers through increasing their level of cognitive stock of economically productive human capability, which is a product of innate abilities and investment in human beings. It has been proven that the greater the provisions of schooling the greater the stocks of human capital in the society, consequently, the greater the increase in national productivity and economic development.

Empirical Review

Ehigiamusoe (2013) in his study on Education, Economic growth and poverty rate in Nigeria, used secondary data and econometrics methodology as his analytical tool to find that neither total education expenditure nor literacy rate cause changes in poverty rate in Nigeria. Literacy rate has a positive but insignificant impact on growth. This he accounted to high rate of unemployed school leavers, weak institutional mechanism, and shortage of critical infrastructures, among others.

Agboola, S., Musa, I. and Ibrahim, Z. (2018) examined the relationship between educational expenditure and unemployment rate on economic growth in Nigeria using descriptive statistics and multiple regressions, as method of analysis. They found that there is a positive and significant relationship between educational expenditure and unemployment rate on economic growth (GDP) in Nigeria. That is an increase in GDP will increase educational expenditure and unemployment by 718%.

Cloete N., Bailey T. and Pillay P. (2011). Universities and economic development in Africa, books.google.com The Universities and African countries (Botswana, Ghana, Kenya, Mauritius, Mozambique, South Africa, Tanzania and Uganda) were selected based on their previous collaboration and the basis of World Economic Forum (WEF) ratings regarding their location in the knowledge economy ratings mainly on stage of development based on either factor endowment, efficiency or innovation-driven. Based on the synthesizes and key findings of the eight African countries and Universities, the following three main conclusions were drawn.

1. There is lack of clarity and agreement (pact) about a development model and role of higher education development at both national and institutional levels.

There is, however, an increasing awareness, particularly at government level, of the importance of universities in the global context of the knowledge economy.

2. Research production at the eight African Universities is not strong enough to enable them to build on their traditional undergraduate teaching roles and make a sustained contribution to development via new knowledge production. A number ofuniversities have manageable student-staff ratios and adequately qualified staff, but inadequate funds for staff to engage in research. In addition, the incentive regimes do not support knowledge production.

3. In none of the countries in the sample is there a coordinated effort between government, external stakeholders and university to systematically strengthen the contribution that the university can make to development.

Achugbue & Ochonogor (2013) examined education and human capital development through appropriate utilization of information services. Descriptive analysis of the state of education and human development in Delta state and assesses the readiness of Delta state government on the development of education and human capital. The study from various literature consulted revealed that government contribution to education and human capital development is inadequate and maintain that government use of information machineries and services are unsatisfactory and beneficiaries of education and human capital are starved.

Ozturk (2008) in a theoretical approach to the role of education in economic development found that education enriches people's understanding of themselves and world and improves the quality of their lives and leads to broad social benefits to individual and society. In addition,

education raises people's productivity and creativity and promotes entrepreneurship and technological advancement.

Methodology

Quasi-experimental design was employed in this study. The sample adopted was convenient sampling method which involves easy accessibility to the sources of funding education, development proxy in Nigeria. The sample consists of International organization [United States Agency for International Development (USAID)] and government (Nigeria budgetary allocation and intervention funds). Human Development Index is proxy for Development. Secondary data used were sourced from Central Bank of Nigeria (CBN) Statistical Bulletin, Knoema, World Development Index, and World Bank Data Atlas. They are time series and cross sectional data spanning from 2001 to 2018. They were analyzed using statistical and econometric tools.

Model Specifications

The model is specified in both the functional and econometric forms as follows:

Functional form of the model is

HDI = f (GRT, TCG, ETFFA, GOVT, USAID_BASIC, USAID_SEC, USAID_POST) …1

Econometrically it is of the form

HDI = $\emptyset_0$ + β_1GRT + β_2TCG + β_3ETFFA + β_4GOVT + β_5 USAID_BASIC + β_6 USAID_SEC + β_7 USAID_POST …2

Where

HDI = Human Development Index

GRT = Broad Based Grants

TCG = Technical Corporation Grants

ETFFA = ETF Fund Allocation

GOVT = Government Budget on Education

USAID_BASIC = USAID Disbursement to Primary Schools

USAID_SEC = USAID Disbursement to Secondary Schools

USAID_POST = USAID Disbursement to Post-Secondary Schools

$\emptyset_0$ = Constants

$\beta_{1…7}$ = Coefficients

A priori: $\beta_{1…7} > 0$

Data Analysis

The data is analyzed using descriptive statistics, unit root test, Johansen co integration test, error correction model test and granger causality test. They are presented and interpreted below.

Table 1: Descriptive Statistics

	HDI	GRT	TCG	ETFFA	GOVT	USAID _BASIC	USAID _SEC	USAID _POST
Mean	1.696667	7.026667	193.0839	91.99500	20.13389	15.23278	214.1089	38.03778
Median	1.940000	9.395000	13.47000	39.28500	14.09500	6.120000	-11.38	4.495000
Maximum	4.730000	55.82000	3436.610	507.6700	83.21000	79.84000	*11561.91*	453.5000
Minimum	-2.04	-97.35	-95.66	-83.19	-30.17	-39.95	-11844.7	-72.22
Std. Dev.	1.825892	37.01695	810.6523	172.4125	27.88267	29.38528	4053.079	118.1693
Skewness	-0.11317	-1.1909	3.861522	1.359488	0.506413	0.585843	-0.25844	2.536279
Kurtosis	2.300064	4.756003	15.96707	3.697826	3.305404	3.070826	8.711303	9.658760
Jarque-Bera	0.405854	6.567386	170.8428	5.909848	0.839316	1.033397	24.66461	52.55245
Probability	0.816338	0.037490	0.000000	0.052083	0.657272	0.596487	0.000004	0.000000
Sum	30.54000	126.4800	3475.510	1655.910	362.4100	274.1900	3853.960	684.6800
Sum Sq. Dev.	56.67600	23294.33	11171672	505343.1	13216.54	14679.41	2.79E+08	237387.6
Observations	18	18	18	18	18	18	18	18

Source: Authors' computation using E-views 9

The outcome of the descriptive statistics for each individual variable as reported in Table 1 provides behavioural characteristics of the variables in the model. It revealed that the average Human Development Index (HDI), Broad Based Grants (GRT), Technical Corporation Grants (TCG), ETF Fund Allocation (ETFFA), Government Budget On Education (GOVT), USAID disbursement to primary schools (USAID_BASIC), USAID disbursement to secondary schools (USAID_SEC), and USAID disbursement to post-secondary schools (USAID_POST) for the 18years study period are 1.696667, 7.026667, 193.0839, 91.99500, 20.13389, 15.23278, 214.1089, 38.03778 respectively. This means that United States Agency for International Development (USAID) disbursement to secondary schools (USAID_SEC) with the highest mean of 214.1089 followed by 193.0839 for Technical Corporation Grants (TCG) injected, on the average, more funds into our educational system than others sources used in the study including Nigeria Government with a mean of 20.13389.

The maximum and minimum value of HDI has a maximum and minimum value of 4.730000 and -2.04, GRT maximum and minimum value is 55.82000 and -97.35, TCG has a maximum value of 3436.610 and a minimum value of -95.66, while ETFFA has a maximum and minimum value of 507.6700 and -83.19, GOVT maximum and minimum value is 83.21000 and -30.17,

USAID_BASIC maximum and minimum value is 79.84000 and -39.95, USAID_SEC maximum and minimum value is 11561.91 and -11844.7 and USAID_POST maximum and minimum value is 453.5000 and -72.22. From this statistics, the highest (maximum) amount disbursed to education in Nigeria over the period investigated is 11561.91 which comes from USAID_SEC while the least (minimum) amount of -30.17 is coming from Nigerian Government.

Results from the skewness showed that TCG, ETFFA, GOVT, USAID_BASIC and USAID_POST are positively skewed while HDI, GRT and USAID_SEC are negatively skewed in the data distribution. The kurtosis revealed that all employed variables are leptokurtic as the data are peaked to the mean and have fatter tails. The probability value of Jarque-Bera statistics revealed the series GRT, TCG, ETFFA, USAID_SEC and USAID_POST are normally distributed, while HDI, GOVT and USAID_BASIC are not, which shows that the data series failed normality test and therefore a call for unit root test.

Unit Root Test
In order to enhance the stationarity of the variables a unit root test was carried out using the Augmented Dickey-Fuller (ADF) approach to stationarity test. This helped to determine the order of integration of the variables in the study's model and the result of ADF test is reported in table 1 below;

Table 2: ADF Unit Root Test Result

Variable	ADF test statis	Critical Value 5%			Order Integration	Prob.
		1%	5%	10%		
HDI	-5.159016	-3.689194	-2.971853	-2.625121	I(1)	0.0003
GRT	-4.676982	-3.724070	-2.986225	-2.632604	I(1)	0.0011
TCG	-3.955832	-3.886751	-3.052169	-3.052169	I(1)	0.0087
ETFFA	-6.352973	-4.004425	-3.098896	-2.690439	I(1)	0.0002
GOVT	-6.180298	-4.667883	-3.733200	-3.310349	I(1)	0.0008

USDAC_BAS	-4.250292	-2.740613	-1.968430	-1.604392	I(1)	0.0004
USDAC_SEC	-4.799098	-2.650145	-1.953381	-1.609798	I(1)	0.0000
USDAC_POS	-3.857182	-4.616209	-3.710482	-3.297799	I(1)	0.0387

Source: Authors' computation using E-views 9

The result of the augmentedickey-Fuller test applied to reveal the stationarity and order of integration documented in table 2 above revealed that, all the variables under consideration became stationary after first difference and are said to be integrated of order one I(1).

Johansen Cointegration Test
A prerequisite for the analysis of the short run behaviour of the considered variables and their current and lagged effects of the predictor variables on the dependent variable rests on the establishment or determination of a long run relationship between the variables. Johansen cointegration test was used and the result is shown below;

Table 3: Result of Johansen Co-integration Test
Date: 06/13/19 Time: 23:29
Sample (adjusted): 2001 2018
Included observations: 17 after adjustments
Trend assumption: Linear deterministic trend (restricted)
Series: HDI GRT TCG ETFFA GOVT
USAID_BASIC   USAID_SEC
USAID_POST
Lags interval (in first differences): 1 to 3

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.819587	96.73100	63.87610	0.0000
At most 1 *	0.647224	52.20580	42.91525	0.0046
At most 2	0.475892	25.11586	25.87211	0.0619
At most 3	0.273805	8.318342	12.51798	0.2268

 Trace test indicates 2 cointegrating eqn(s) at the 0.05 level
 * denotes rejection of the hypothesis at the 0.05 level
 **MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.819587	44.52520	32.11832	0.0010
At most 1 *	0.647224	27.08994	25.82321	0.0339
At most 2	0.475892	16.79752	19.38704	0.1143

| At most 3 | 0.273805 | 8.318342 | 12.51798 | 0.2268 |

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values
Source: Authors' computation using E-views 9

Trace test and Maximum Eigenvalue test can be seen and the outcome of the trace test indicates that there exist two cointegrating equations. This suggests that Human Development Index (HDI), broad based grants (GRT), technical corporation grants (TCG), ETF fund allocation (ETFFA), government budget on education (GOVT), USAID disbursement to primary schools (USAID_BASIC), USAID disbursement to secondary schools (USAID_SEC), and USAID disbursement to post-secondary schools (USAID_POST) exhibit long run relationship. This implies that, all eight (8) variables display identical trend in the long run or that there is a long run relationship between all eight (8) variables that constitute the **Model**.

Error Correction Mechanism (ECM)
Given the established long run relationship between the variables considered in the **Model** dictates the conduct of the error correction mechanism to assess short run equilibrium or disequilibrium relationship between HDI and the explanatory variables and also measure the speed at which the dependent variable adjust to fluctuations in the predictor variables before converging to its equilibrium becomes obvious. The test result is presented in Table 4 below.

Table 4: Parsimonious ECM Result
Dependent Variable: D(HDI)
Method: Least Squares
Date: 06/15/19   Time: 05:57
Sample (adjusted): 2003 2018
Included observations: 16 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GRT(-1))	-0.019701	0.032533	-0.605567	0.5639
D(TCG(-1))	0.001188	0.000748	1.587748	0.1564
D(ETFFA(-1))	0.000369	0.002523	0.146464	0.8877
D(GOVT(-1))	-0.029064	0.019839	-1.464967	0.1863
D(USAID_BASIC(-1))	-0.032868	0.021736	-1.512136	0.1743
D(USAID_SEC(-1))	-0.000197	0.000152	-1.295946	0.2361
D(USAID_POST(-1))	0.003955	0.006805	0.581295	0.5793
ECM(-1)	-0.448055	0.168180	-2.664135	0.0149
C	-0.373564	0.595700	-0.627100	0.5505

| R-squared | 0.652435 | Mean dependent var | -0.080000 |
| Adjusted R-squared | 0.255218 | S.D. dependent var | 2.508915 |

S.E. of regression	2.165212	Akaike info criterion	4.681235
Sum squared resid	32.81700	Schwarz criterion	5.115816
Log likelihood	-28.44988	Hannan-Quinn criter.	4.703489
F-statistic	3.642516	Durbin-Watson stat	2.427042
Prob(F-statistic)	0.033502		

Source: Authors' computation using E-views 9

As deduced from the table above, 65 percent fluctuation in the explained variable (HDI) is accounted for jointly by GRT, TCG, ETFFA, GOVT, USAID_BASIC, USAID_SEC, and USAID_POST, with the residual of 35 percent accounted for by variables not considered in the model but captured by the stochastic term. The result above disclosed that, lag 1 of GRT, GOVT, USAID_BASIC, and USAID_SEC exert a negative impact on human development index (HDI) for the time horizon running from 2001 to 2018. However, the inverse relationships established are insignificant. Conversely, a positive and insignificant relationship was found to exist between TCG, ETFFA, USAID_POST and HDI. The probability value of F-statistics computed to be 0.033502 divulged that, although individual lagged variables exert insignificant impact on HDI respectively, but collectively their impact on HDI is significant. The coefficient of the lagged error correction term (ECT) of -0.44 suggests that the convergence of the model to long run equilibrium occurs at a speed of 44 percent. This means that 44 percent of the disequilibrium that results from the fluctuation of the predictor variables in the short run will be dissipated before the next time period and the existing disequilibrium will be reduced in about $1^{1/5}$ years to achieve long run equilibrium. This attest to the fast equilibrating speed of the model as short run disequilibrium caused by variations in predictor variables will be dissipated in one (1) year and less than 3 months.

Discussion of Findings

From the findings, there is no significant relationship between education financing and Nigerian economic development in Nigeria from the model developed. This finding aligns with the works of Adebiyi (2005), Dike-Ogu *et al.* (2016) and Ayeni & Omobude (2018), whose findings show that educational expenditure was inconsistent with education sectoral output, among other researchers like Cloete N., Bailey T. and Pillay P. (2011) and Agboola, S., Musa, I. and Ibrahim, Z. (2018).

However, it is contrary to the study's expectation and a reflection of abysmal budgetary allocation to the education sector, which is a very far cry from the 26 per cent recommendation of UNESCO for developing countries and clear evidence of lack of effective management of available funds to priority areas like capacity building that is research-based, curriculum mismatch or dysfunction and infrastructural decays.

In terms of impact, GRT, GOVT, USAID_BASIC, and USAID_SEC exert a negative impact on human development index (HDI) while a positive impact was found to exist between TCG, ETFFA, USAID_POST and HDI. However, they all the negative and positive impacts exhibit insignificant relationships. On the aggregate and from the probability value of F-statistics computed to be 0.033502 shows that, although individual lagged variables exert insignificant impact on HDI respectively, but collectively their impact on HDI is significant. This is supported by

Agboola, S., Musa, I. and Ibrahim, Z. (2018) and Ozturk (2008).

The Nigerian government has continually strived to raise the standard of living of Nigerians and improve their general welfare which in itself is the achievement of economic development. Unfortunately, The findings exposes their inability to actualize this through the vehicle of education financing as the individual impacts of broad based grants (GRT), technical corporation grants (TCG), ETF fund allocation (ETFFA), government budget on education (GOVT), USAID disbursement to primary schools (USAID_BASIC), USAID disbursement to secondary schools (USAID_SEC), and USAID disbursement to post-secondary schools (USAID_POST) on human development index (an proxy of economic development) were not significant.

It has to be noted at this point that the abysmal performance of the economy vis-à-vis the funds allocated to education so far may be account to poor management of the allocated funds and or quality and quantity of education that has not provided the desired change in human capital or government policy mix that has choked the efforts. Thus, education without other environmental factors will not yield the desired objective. While the quality and quantity of investment in education, which translates to quality of manpower (human capital) is fundamental to level of development, other factors must be seen to be stable and in their right proportion. According to Ozturk, I. (2001) education alone, of course, cannot transform an economy. The quantity and quality of investment, domestic and foreign, together with the overall policy environment, form the other important determinants of economic performance

It was also found that economic development in the short run cannot be achieved through the financing of education at the level it is done. The negative association found to exist between broad based grants (GRT), government budget on education (GOVT), USAID disbursement to primary schools (USAID_BASIC), USAID disbursement to secondary schools (USAID_SEC) and human development index respectively run contrarily to the a priori expectation of increased education spending increasing intellectual capacity, which translate to increased innovation and productivity which again translates to rise in total output and improved standard of living. The lack of impact of the various forms of education finance on economic development could be traced, in addition to the abysmal budgetary allocation, to the 'disease' called corruption, that has always plagued the Nigerian State and eaten deep into the fabrics of majority of Nigerians, which if not checked will continue to derail Nigerian economic development.

Recommendations

Based on the findings, discussion and conclusion drawn, the following recommendations were advanced;

1. In view of the abysmal appropriation of fund to the education sector far way below 10 per cent on the average, especially in recent years (20s), there is priority need for Government to summon the *political will* to achieve the 26 per cent of budgetary allocation to education sector for developing countries like Nigeria, as recommended by UNESCO. Capital infrastructural, educational materials/facilities and welfare package of teachers and lecturers should be a major focus to ensure the transfer of quality knowledge to the growing young generation that would translate into increased innovation, productivity, output and general wellbeing of the people.

2. Government should strive to maintain and sustain good international relations with that foreign institutions/agencies that have contributed to the financing of Nigerian educational sector. New relationships should be opened and established to enhance the quantity and quality of investment in our educational sector. Findings from the descriptive statistics show that United States Agency for International Development (USAID) disbursement to secondary schools (USAID_SEC) with the highest mean of 214.1089 and confirmed by the highest maximum value of 11561.9 disbursed the highest amount to education in Nigeria over the period investigated, which is a clear evidence that foreign agencies injected, on the average, more funds into our educational system than others sources used in the study including Nigeria Government with a mean of 20.13389.

Conclusion

Essentially, the current study, no doubt, captured the *Keynesian* ideology which recommends increase in government spending and aligns with the Balanced growth theory and the human capital theory that proposed huge investment in education and infrastructure in order to achieve inclusive economic development evidenced in the quality of manpower and improvement of the general welfare of its populace. This can only be achieved through the primary vehicle of education. It is adjudged to be the driver of development of any economy/society and proper attention paid to it brings about the needed push to a desired development paths. This study was therefore designed to examine if the actualization of economic development in Nigeria can be achieved through the vehicle of education financing using empirical approach. The findings revealed a contrary and less palatable outcome as it was shown that the country's desire to achieving general welfare improvement

cannot be achieving through the path of education financing, which is found to be not only grossly inadequate but also associated with 'diseases' that range from corruption to misapplication of funds and other leakages. All the predictor variables are statistically insignificant in impacting development in terms of health, quality education and general standard of living. It can therefore be concluded that economic development that is desired in Nigeria cannot be achieved with the existing level of financing in the educational sector, which was found to be a far cry from the UNESCO recommendation of 26% budgetary allocation to educational sector. Achieving this UNESCO recommendation should be through a *political will* of *yearly progressive incremental approach*. This is the best way to achieve full potentials of education in enhancing economic development in Nigeria. This would have fully aligned to human capital theory which this study strongly supports.

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