

## Current Trends in Financing Vocational Education in Nigeria

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### Abstract

*The purpose of the study was to determine the current trends in financing vocational education. The objective of the study covers: current developments in financing vocational education, sources of finance for vocational education and utilization of revenue in vocational education. Some of the current trends in financing vocational education in Nigeria includes: Making Vocational Education more affordable and accessible to Nigerians; explosion of unskilled professionals in the workforce; making funds available to retrain unemployed Nigerian graduates in the labor market; Vocational Education schools are ill-equipped to produce skilled professionals. Vocational education in Nigeria was funded by foreign agencies like the United Nations Education Scientific and Cultural Organization, UNICEF and Ford Foundation. But of recent, these agencies have withdrawn their sponsorship for vocational education programme and now, it is basically the priority of the local, state and Federal Government of Nigeria to fund this aspect of education. Sources of finance for vocational education programme include budgetary allocation by Government, Student's school fees, endowment fees/donations, Alumni Association and Aids, sales and services by host communities. Finance allocated to vocational education are been utilized for the payment of workers' salaries, purchase of equipment, facilities and the maintenance of existing equipment as well as training of personnel. However, this study recommend that international Aids should be sourced for as this will help to boost the running and implementation of action plans for each year. Multi-national companies should live up to their responsibilities by providing support for vocational education in areas of providing infrastructure and other equipment for convenience and comfortable learning in vocational education.*

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**Keywords:** Vocational, Education, Current, Trend, and Finance

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### Introduction

Vocational education like any other sector needs financial support to succeed. Most of the Vocational Education schools are ill-equipped to produce skilled professionals. Osam (2013) noted that the government of Nigeria recognized the importance of vocational education and the need for its programmes to relate to the needs of commerce and industry. Despite the importance, FRN (2004) noted that education is an expensive social service; one that requires financial support from all tiers of government for the successful implementation of the educational programmes. As a call for help, many agencies were involved in the financing of vocational education with its optimal aim or philosophies in mind. Finance is a field that deals with the allocation of assets and liabilities over time under conditions of certainty and uncertainty (Wikipedia, 2016). It is the science of money management and a branch of economics concerned with resource allocation as well as resource management, acquisition and investment. It deals with matters related to money and the markets. It is the science that

describes the management creation and study of money, banking, credit, investment, assets and liabilities (Russ, 2016). Finance is also the management of money, especially on a national level (Oxford, 2005). The national level, being the federal government, allocates financial resources to the educational sector to be managed and judiciously utilized for the achievement of educational goals. Educational finance describes the financial situation, characters or manifestation of educational activities of the society at a point in time (Ebong, 2004). Finance has been one of the major problems facing vocational education (Oni, 2006). Certainly it has been noted that vocational education is expensive to run because it requires large amount of money to build workshops, classrooms and to maintain component staff as well as provide adequate equipment and facilities (Adebile and Ojo, 2013). According to Stella (2011) investigations reveal that the budget pattern for the education sector under democracy has witnessed a steady fall in value from 1999 to date, raising concerns that the country may not meet the 2015 budget of “Education for All” (EFA). It was gathered that, when compared to the annual budget, the percentage budgeted for the education sector is much at variance with the UNESCO benchmark of 26 percent. This is a cause for concern since finance is a key determinant to the success or failure of vocational education. Hence, the purpose of the study covers the current trend in financing vocational education, sources of finance for vocational education and utilization of revenue in vocational education.

### **Current trend in financing vocational education**

Some of the current trends in financing vocational education in Nigeria includes: Making Vocational education more affordable and accessible to Nigerians; explosion of unskilled professionals in the workforce; making funds available to retrain unemployed Nigerian graduates in the labor market; Vocational Education schools are ill-equipped to produce skilled professionals. The running of vocational education is never an easy task as it requires much fund. Earlier, vocational education funding was sourced from foreign agencies like the UNESCO, UNICEF and the Ford Foundation. But of recent, these agencies have withdrawn their sponsorship or support for the vocational education programme, probably due to uncertainties that had for long bedeviled the sector. Also, due to lack of implementation of the programme policies by agencies in charge and poor participation on the side of the targeted audience. Presently, it has basically been funded by the Federal Government of Nigeria, (Osam, 2013). The sources of finance for vocational education may be internal or external. Uhumwuangho (2005) noted that an average of 75% of finance for vocational education is externally derived.

Education is an expensive social venture that requires adequate financial provision from all tiers of government for successful implementation of the educational programme (FRN, 2004). Vocational education today has shifted towards skill acquisition courses capable of making youths and adult self-reliant hence there is a clear need for the Nigerian Government to invest in it. According to Michael (2002) other countries, such as France, have taken a giant step to making it work. French National Assembly approved the law on social modernization which contains important measures concerning vocational education and the right to employment. Furthermore the French Minister for Vocational Education officially launched the “craft high school programme”, which is aimed at reinforcing the synergy among different vocationally oriented education pathways, particularly the vocational and technological ones. This is not an exception as Nigerian in a bid to make this type of education work, has in the past established such vocational programmes as the “school to land” programme established in 1984 in Port Harcourt, Rivers State.

Okolocha (2012) noted that Nigeria today has joined other world counterparts in revamping and repositioning vocational and technical education programme which is geared towards ensuring a national system of vocational education. This system will enable young people see vocational education as challenging and worthwhile. Nigeria, knowing the importance of vocational education has taken a new direction. According to Osam (2013) one of the main defects of the Nigeria education system in the colonial era was its strong bias towards academic and literacy studies and its underdevelopment and underfunding of technical education.

Financing of education in Nigeria has principally been through government grants which continued till the 1970's before the establishment of the "Industrial Training Fund" (ITF) in October 1971. It is an agency of the government established to be part of the collaboration for the sharing of funding burden between the private and public sectors on recognition of the importance of Vocational Technical Education in Nigeria. This agency provides a link between academic institutions and the world of work through the Students Industrial Work Experience Scheme (SIWES). They are also involved in the management of funds attracted from organizations. The establishment of the ITF initiated wider participation in the financing of vocational and technical education in addition to government direct funding, though the finger-print of inadequate financing is still quite apparent (Ogwushi, 2008). According to Osam (2013), vocational and technical education must be adequately funded as the funding directed to this aspect of education is quite separate from other forms of education. To achieve this, the Federal Government of Nigeria came up with a strategy of using the "Education Trust Fund" (ETF) which was set up by law in 1993 to fund and upgrade the quality of vocational technical education in Nigeria (Olakunri, 2006). Furthermore, the Federal Government mapped out a three-year action plan to revamp technical and vocational education programmes through ETF, five billion naira (₦5b) was mapped out as annual allocation for fiscal year action plan for 2005, 2006 and 2007 respectively.

Before this period, the commission for higher education in West Africa recommended vocational and technical education for Nigeria. Fund was granted through the Colonial Department and welfare Scheme (CDWS) to the voluntary agencies which established this type of education in 1945 (Offiong, Akpan & Usore, 2013). This continued until mid-80's when vocational technical education received a boost of ₦400.2 million which was the second largest allocation in that plan period which shows that Nigeria government has recognized the importance of vocational education which will in turn bring about development.

### **Sources of Finance for Vocational Education**

There are two major sources of finance to vocational education otherwise referred to as revenue. These sources include: internal and external sources of finance. Finance from either source is used for capital expenditure or recurrent expenditure. The internal sources of school finance include; school fees, income from investments or educational entertainment activities, sales and services etc (Ebong, 2004). While the external sources include government grants, subventions, loans, non-governmental donations, endowment fund and appeal funds. The sourced finance is utilized in the execution of vocational education in aspect of capital and recurrent expenditure. For clarity, the sources of finance for vocational education are:

- 1) **Budgetary allocation by Government:** This is basically the major source of finance for vocational education. It is the finance that is often used for the running of the programme and all other expenses. FRN (2004) stated that the financing of education is a joint responsibility of the federal, state and local governments and the private

- sector. This fund is used for the payment of workers' salaries which makes up part of the recurrent expenditure (Borode, 2010).
- 2) **Students' school fees:** Technically education is free in Nigeria as to allow every citizen the right to attend. FRN (2004) stated that the government ultimate goal is to make education free at all level. However, tuition fees are paid in some schools, developmental levies, purchase of uniforms and books (Obasi & Asodike, 2007). These funds generated are used for the running of vocational education programme in Nigeria.
  - 3) **Endowment fund/Donations:** These are funds provided through donation for the execution of institution projects and provision of facilities for the running of vocational education. Schools hold functions like prize giving day, inter-house sports competitions etc. Appeals can be made by schools to government agencies, non-governmental agencies (NGO's), wealthy individuals and to organizations to donate funds for the execution of some specific projects that assist vocational and technical education to achieve its mission for Nigeria (Offiong et al, 2013). This is backed by the FRN (2004) which states thus: in the quest to finance education, government welcomes and encourages the participation of local communities, individuals and other organization who may donate funds for the running of the educational sector.
  - 4) **Companies and non-governmental organizations:** Borode (2010) stated that there are some multi-national companies that partly sponsor vocational education by awarding scholarship to learners. Some other non-governmental organization like banks, UNESCO and UNICEF also support vocational education. FRN (2004) asserted that relevant sectorial bodies such as Nigerian Education bank and the Education Tax Fund are established to respond to the funding needs of education.
  - 5) **Industrial Training Fund:** This was established in October, 1971 by the federal government with the aim to donate funds and equipment in support of vocational and technical education (Okeke, 2006). This establishment has been a source of finance of vocational education. It equally helps to train men and women to have skills leading to the production of craftsmen, technicians and other skilled personnel for self-reliance. Other sources of fund to ease the burden on the government are; the Petroleum Trust Fund (PTF), National Science and Technology Fund (NSTF).
  - 6) **Sales and Services:** These are funds generated from the sale of school produce. Vocational and Technical Education Department with the effort of the students' practical work produces materials and other products to be used by the public. These things are sold out to individuals, or companies and the fund being put back into the development of the school. For instance, a poultry farm is established at the end of every three months the birds are sold, the money goes back into the school account which will be used at subsequent time for the expansion of the farm.
  - 7) **Alumni Association and Aids:** This is an old students association which assists the school through cash donations, provision of equipment, building of infrastructure such as classroom blocks, libraries, hostels etc. This is a major contribution to the development of the school.
  - 8) **The host community:** The community where the school is located also provides funds to the school directly or indirectly. Fund is provided directly in a situation where wealthy individuals in the community donate school facilities for the running of the school like chairs, books, cash, writing materials etc whereas indirectly the community funds the school through the area of land provided for the sitting of the school which when valued could be more than any other source through which funds come to the school.

- 9). **International Aids:** Funds are gotten for the running of Vocational Technical Education through the help of international organizations such as the UNESCO, UNCEF, Ford Foundation, World Bank and the rest of them. These organizations have been helping out to see that Vocational Technical Education in Nigeria succeed as to cut down the level of unskilled workers being produced in the formal educations as it has been evident that graduates of the universities or higher institutions often do not have saleable skills to fit into the world of work.
- 10). **Parents-Teachers Association (PTA):** This is an association that is made up by students' parents who come together to discuss the affairs and well-being of the school. Their main goal is to promote development in the school by supporting the school through fund raising and could as well seek external financial assistance from wealthy individual in a critical situation where funds are urgently needed. The funds raised by this organization are majorly used for building infrastructure for the school and for providing facilities/equipment.

### **Utilization of Revenue In Vocational Education.**

Plan for the use of money is not just drawn for the purpose of budgeting but to be used in the development of project or programme. FRN (2004) noted that education is expensive, and this is because the materials/equipment in vocational education which funds are being spent on are costly. Borode (2010) noted that finance of vocational education is facing the same pattern of finance as other educational levels in Nigeria. Ebong (2004) noted that finance budgeted for educational purpose are utilized in two ways which are; current (recurrent) expenditure which is basically used for salaries, and allowances, purchase of educational consumable items including stationery, transportation, research and development, health services, feeding and accommodation, sports, instructions and supervision, general administration, entertainment, payment for utilities and debts; whereas capital expenditures are financial resources used in purchasing long-lasting assets such as machinery/equipment, furniture, construction of infrastructure, library books and vehicles and acquiring services of long-lasting values. Thus, finance allocated to vocational education is utilized on:

- 1) **Salaries:** Financial allocations are used for the payment of academic staff salaries and allowance which forms the major bulk of educational financing. The recurrent costs are made on salaries of staff, non-academic staff as well as other administrative officers. Borode (2010) stated that the salaries of workers constitute the major part of recurrent cost which average over 60 to 70% of the school recurrent expenditure. Salaries of staff are usually determined by their qualification which scales them up on the grade level. This is in line with Ebong's (2004) assertion that salaries are determined by staff qualification, the teacher/pupil or students' ratio and staffing policy affect current cost. Oni (2006) noted that despite academic staff receiving salaries in the past, the Nigerian government gave financial incentives to teachers to encourage students studying science but today, they no longer receive such allowance due to the expenses incurred by the government.
- 2) **Materials, Facilities and Equipment:** Funds are allocated for the purchase of equipment, machinery, land and development, building, administrative equipment and purchase of durable tractors and other facilities. The fund from the capital costs is used for this purpose. Due to the changes in the world today, vocational education equipment must be changed to meet the challenges that the future pose. Due to the expensive nature of the equipment, the materials and facilities needed by vocational education to develop technologically are grossly inadequate for the students' population.... (Ogidefa, 2010). The fund realised is often not made available for the



- procurement of the required institutional materials, equipment and provision of the necessary facilities.
- 3) **Maintenance and Repairs:** Funds from the recurrent cost are used for the maintenance and repair of equipment in the vocational education programme (Borode, 2010). The fund seem not to be enough as Adebile and Ojo (2013) noted that vocational education equipment are allowed to deteriorate because spare parts are hard to find, probably due to the cost of maintenance which may exceed the potential benefit.
  - 4) **Training of personnel:** Funds for vocational education are equally budgeted for the training of staff both on regular and in-service training as there are rising challenges on the use of new technology on a daily basis. This is to meet up with the challenges that come in the future as well as provide up-to-date knowledge and skills to the learners. On this, Osam (2013) noted that money is not just required for the purchase of equipment and maintenance of existing equipment but also for the training personnel on regular and in-service basis, paying workers' salaries as well as for general administration of the programme.

## Conclusion

This study covers current developments in financing vocational education, sources of finance for vocational education and utilization of revenue in vocational education. The study also noted that Vocational Education should be made more affordable and accessible to Nigerians. Unskilled professionals in the workforce and making funds available to retrain unemployed Nigerian graduates in the labor market were also focused. Funds should be made available by stake holders to boost the sector.

Sources of finance for vocational education programme include budgetary allocation by Government, Student's school fees, endowment fees/donations, Alumni Association and Aids, sales and services by host communities. Finance allocated to vocational education are been utilized for the payment of workers' salaries, purchase of equipment, facilities and the maintenance of existing equipment as well as training of personnel.

## Recommendations

Vocational education cannot be overlooked or underfunded with grave consequences. Therefore, this paper recommends that:

1. Government should improve more on the financing of vocational education to meet the staffing, facilities and equipment of the sector so as to meet international standard.
2. Multi-national companies should live up to their responsibilities in terms of their agreement with their host communities. This will generally enhance the performance of the sector.
3. International aids should be sourced by tertiary institutions in Nigeria to boost the implementation of action plans for the sector.
4. Vocational education should be practical oriented in order to provide goods and services to boost the sector.

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