actionaid

NIGERIA FACTSHEET

December 2020

Financing the future: delivering SDG 4 in Nigeria

Progress on meeting SDG 4

In 2015, world leaders agreed to achieve 17 Sustainable Development Goals (SDGs) by 2030, including SDG4, aimed at ensuring **inclusive and equitable quality education for all.**

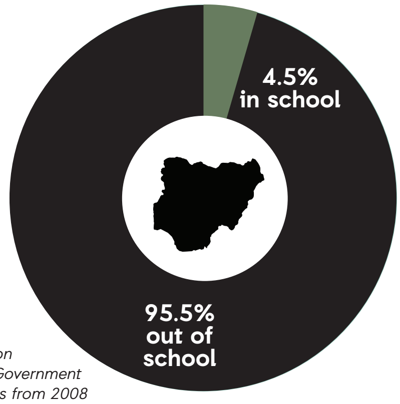
The first target under SDG4 is to ensure that all girls and boys complete free, equitable and quality primary and secondary education. **With just a decade to go, how is Nigeria doing against this commitment?**

- Nigeria, the most populous country in Africa,[1] is also home to the highest number of out-of-school children in the world (estimated at around 10.5 million).[2] In other words, more than one in five out-of-school children in the world live in Nigeria.[3]
- 40% of primary school age children are not in school, and half of all children do not attend secondary school. This figure has been growing, rather than reducing in recent years, meaning that instead of moving *towards* SDG target 4.1, Nigeria is actually moving away from it.[4]

Nigeria has one of the most unequal education systems in the world, and inclusion of the marginalised is a cause of concern.

- Girls are significantly more disadvantaged than boys. The UN Gender Parity Index (GPI) in education shows disparities across the school system. These widen significantly at higher levels and girls are far less likely to complete secondary schooling than boys.[5] Children with a disability are among the most disadvantaged, but a lack of reliable, up-to-date nationwide estimates[6] means a true picture is impossible. In 2008, the Federal Government of Nigeria estimated that around 7% of children had disabilities, and that around **2.7%** of these **(90,000)** were in primary school and **1.8% (65,000)** in secondary school.[7] Recent research by ActionAid found that children with disabilities constituted just 0.1% and 1.25% of total enrolments in sample schools in Sokoto and Lagos States respectively.[8]

Children with disabilities in/out of school.*



**Based on Federal Government Estimates from 2008*

- Despite being the largest economy on the African continent, Nigeria is a highly unequal country.[9] Inequalities based on wealth are also prevalent in education:
  - Only 35% of the poorest children complete primary school, compared to 97% of wealthiest children;
  - Only 15% of the poorest children complete secondary, compared to 88% of the wealthiest.[10]
- The northern region of Nigeria has the bleakest prospects for equality with more than 50% of children out of primary school.[11]
- Children with more than one disadvantage have the worst education prospects; rural girls from the north have a less than one in 10 chance of graduating secondary school.[12]

1. https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ZG
2. UNICEF website, accessed 13th July 2020: https://www.unicef.org/nigeria/education#:~:text=One%20in%20every%20five%20of,years%20are%20not%20in%20school.&text=In%20 the%20north%20of%20the,attendance%20rate%20of%2053%20percent
3. See https://www.unicef.org/nigeria/education
4. Household data survey show that this was 25% in 2011 (based on UNESCO database), with this now registering at 40% in 2018.
5. In Nigeria the gaps at enrolment grow with level of education but is most significant for completion of secondary school, with these as follows: primary enrolment, 0.94, and completion, 0.92: lower secondary enrolment, 0.88, and completion, 0.98; and, upper secondary enrolment, 0.84, and completion, 0.79. The gender parity index (GPI) is the ratio of female to male values of a given indicator. If the female value is less than or equal to the male value, adjusted gender parity index (GPIA) = GPI. If the female value is greater than the male value, GPIA = 2 - 1/GPI. This ensures the GPIA is symmetrical around 1 and limited to a range between 0 and 2. A GPIA equal to 1 indicates parity between females and males.
6. As the Global Partnership for Education has noted: “determining the percentage of children with…disabilities [in Nigeria] is next to impossible because official data is non-existent.”https://www.globalpartnership.org/news/shortage-education-opportunities-children-disabilities-nigeria
7. Federal Ministry of Education (2011) World Data on Education - Nigeria Country Report (2010/11)
8. ActionAid Nigeria, unpublished Baseline Report, 2020.
9. https://www.bloomberg.com/news/articles/2020-03-03/nigeria-now-tops-south-africa-as-the-continent-s-biggest-economy however over 50% of the population live in poverty http://povertydata.worldbank.org/poverty/country/NGA and gaps based on wealth are huge
10. The Federal Republic of Nigeria (2018). Nigeria Demographic and Health Survey 2018
11. https://www.unicef.org/nigeria/educationStates in the north-east and north-west have female primary net attendance rates of 47%
12. Based on WIDE database (2016 data) https://www.education-inequalities.org/

> **“Disparity at the expense of poor girls is especially marked in Nigeria”**
>
> Source: UN Global education monitoring report 2019 Gender Report: Building bridges for gender equality https://unesdoc.unesco.org/ark:/48223/pf0000368753

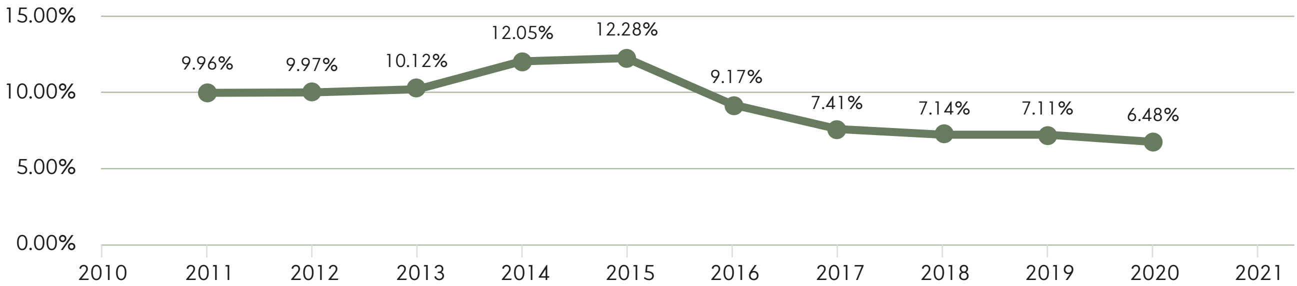
SDG target 4.c commits to substantially increasing the supply of qualified teachers, because “teachers are a fundamental condition for guaranteeing quality education”.[13] The UN recommends a pupil- teacher ratio of only 40:1 at primary level. Nigeria is far from this:

- Only around 60% of primary school teachers are trained, and the pupil-qualified teacher (PQTR) ratio in primary education is 57:1.[14]
- This is far worse in poorer states. A recent report in 5 states - Sokoto Jigawa Kano Katsina, Kaduna - reported an average PQTR of 98:1.[15] In the most disadvantaged 25% of schools in Nigeria, the ratio is at least 150:1.[16]
- The National Council of Education (NCE) has estimated a shortage of 1.3 million teachers in basic education alone.[17]

Financing SDG 4 requires allocating a SHARE of at least 20% of the budget and 6% of GDP to education

To finance SDG4, the UN recommends that at least 15-20% of budget or 4-6% of GDP be allocated to education. In countries such as Nigeria with young and growing populations and a long way to go to meet targets by 2030, the UN estimates that *at least* a 20% allocation is required. Unfortunately, not only is Nigeria far from reaching even the lowest end of these benchmarks, it is also fast moving away from them (see Figure 1). Despite being the wealthiest country in Africa, Nigeria has the highest number of out of school children in the world and its allocation to education as a share of the budget is one of the lowest worldwide.[18] To make matters worse, in June 2020, in the midst of the Covid-19 pandemic and a global economic crisis, the Nigerian government announced a shocking 54% reduction to the education budget, which has been roundly criticised by civil society.[19]

Figure 1: Nigeria share of the budget for education (Federal only*) 2010-2019



Source: *it is impossible to find information on the overall national spending on education in Nigeria as spending is split between states and federal and many states do not publish budgets.

Spending must be SENSITIVE to achieve SDG 4 targets on quality and equity

Is the spending fair or equitable? Evidence suggests that education financing is highly inequitable in Nigeria:

- There is a strong bias towards children who make it to higher levels of education, with basic and secondary education receiving only 25% of federal funding, compared to more than 50% to tertiary (see **Figure 2**).[20]
- There is a strong urban bias: one study in Kano

13. https://sdg4education2030.org/the-goal
14. Based on UiS headcount basis
15. Turner F, Adefeso-Olateju M. Outhred R. GPE 2020 Country-Level Prospective Evaluations. First Annual Report: Nigeria April 2019.
16. TheirWorld website. Accessed March 2020. https://theirworld.org/explainers/teachers-and-learning
17. In 2014 they estimated by 2020 this would be 1.3 million. Sanulbii FA & and Akputou NE.The Nigeria education system and vision 20: 2020: A critical development planning perspective. International Journal of Educational Administration and Policy Studies, Vol. 7(2), pp. 26-38, March, 2015.
18. Oxfam and DFI (2018) Commitment to Reducing Inequality Index. Nigeria was found to have the lowest in the 2017 Cri, and second to lowest in 2018. This was federal only budget it should be noted.
19. See: https://www.csacefa.org/index.php/education-financing-withdrawn-your-request-to-reduce-education-by-54-immediately/
20. It should be noted that basic education is also match funded by states, and tertiary is funded mainly by federal funds; however, it is well documented that states fail to use all UBEC funds with match funding. As such, this is likely to not be a true national picture, however, given a lack of budget transparency it is impossible to find the true nature of this split. Data based on: BudgIT (2018) Education Financing: Analysis and Recommendations. See: https://yourbudgit.com/wp-content/uploads/2018/11/Education-financing.pdf

and Zamfara states showed schools in urban areas received more funds than rural ones.[21]

- Poor families are picking up the bill due to lack of public funding, with 40% of the total cost of education funded by households' out-of-pocket expenses, and 25% by local government authorities.[22] This is a regressive way of funding education, as the poor pay a disproportionate share of their overall income. It has also left a huge space for the private sector to fill gaps in public provision and reduced the State's role in delivering the right to education.[23]

Box 1. Does recurrent and capital spending allow for equity and quality

To achieve SDG4, budgets need to expand to pay for one-off capital projects, such as school construction, and increase recurrent (or operating) costs, which include teacher-related payments and therefore constitute the largest budget component. A UN SDG 4 costing[24] breakdown noted that to achieve quality and equity, 84% should be spent on recurrent/operating costs - with 75% of that going to wages and salaries - and 14% on capital/development projects.[25] In Nigeria, the budget roughly breakdown is not too far from these benchmarks, with 86% spent on recurrent in 2020 and 14% on capital.[26]

However, Nigeria has to spend more on teachers to cover the current teacher gaps and improve teachers' pay and conditions. It also needs to do this whilst allocating funds for new schools and equipment. **This can only be achieved by a major boost to education budget overall.**

To achieve SDG4 governments must increase the SIZE of their overall budgets

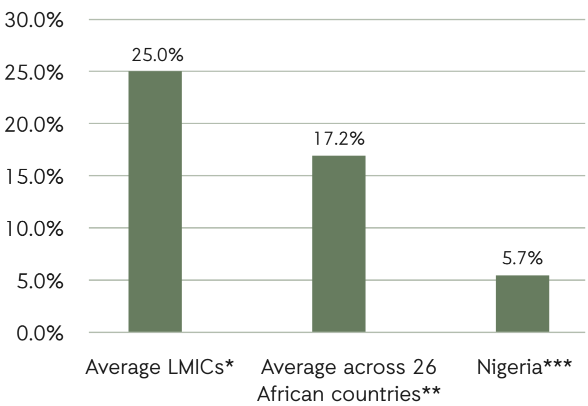
In 2010, the UN estimated that a minimum of 20% tax-to-GDP ratio would be needed to deliver on the MDGs.[27] More recently, research from the IMF and World Bank[28] indicates that tax-to-GDP ratios lower than 15% are insufficient to finance even the most basic state functions.[29]

Although Nigeria raised 2.5% of GDP from non-tax revenues (such as oil) in 2017[30] the country's overall tax-to-GDP ratio (which stood at 5.7% in 2017), is one of the lowest in the world, **(see Figure 3)**, leaving the government starved of the vital resources it needs to invest in public services.

In addition to which, **debt is also sucking away precious resources.** Over the past five years, Nigeria has spent an average of 49% of its revenue on debt servicing. In 2020, this is expected to be 29%. This stood at US$6 billion in 2020[31] leading the IMF to note that: *"the revenue base is simply too low to address the current challenges"*[32]

> As the IMF have noted *"spending on…education in Nigeria is among the lowest in the world".* To fund this, *"Nigeria will have to maximize the amount of revenue it raises".*

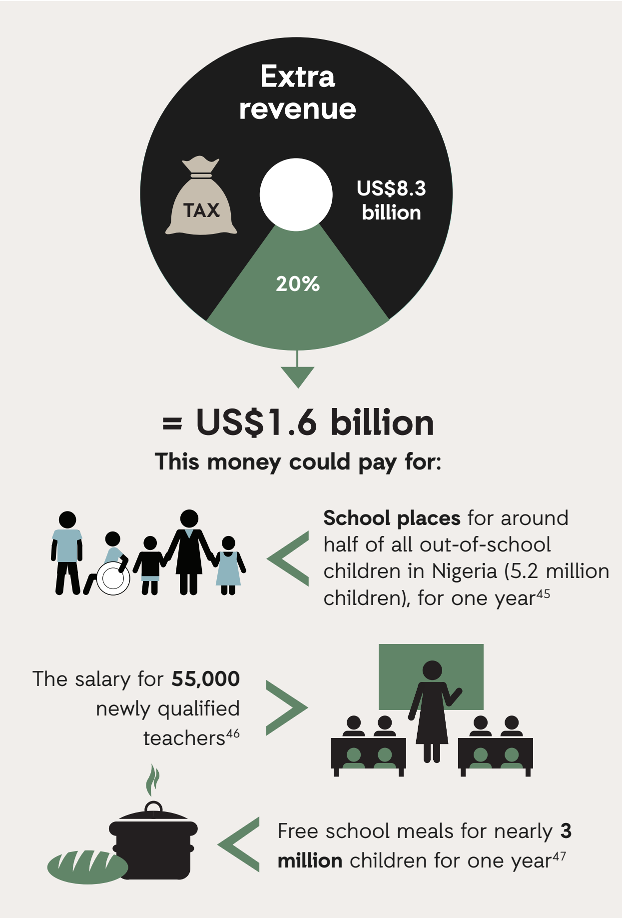
Figure 2: Tax-GDP ratios in 2017, Nigeria and other countries



21. UNESCO and Global Monitoring Report (2018). Handbook on Measuring Equity in Education
22. This is based on 2013 data (no updated information). World Bank. 2015. Governance and Finance Analysis of the Basic Education Sector in Nigeria. Washington, DC: World Bank. Available at: https:// openknowledge.worldbank.org/handle/10986/23683 License: CC BY 3.0 IGO
23. See: https://actionaid.org/sites/default/files/publications/Private%20education%20and%20compliance%20Online-FINAL.pdf
24. See background paper for the SDG 4 costing model, Global Education Monitoring report (2015). Reaching education targets in low and lower middle income countries: Costs and finance gaps to 2030 for pre-primary, primary, lower- and upper secondary schooling. Available: https://en.unesco.org/gem-report/node/819
25. This suggests that the recurrent to capital split should be 84% to 11%, respectively, and within that the recurrent needs to have 25% for non-salary items to ensure quality (text books etc) equity (extra per pupil recurrent costs for poorest), as well as cover teachers' salaries
26. recurrent to capital split should be 84% to 11%, and within that the recurrent needs to have 25% for non-salary items to ensure quality (text books etc) equity (extra per pupil recurrent costs for poorest), as well as cover teachers' salaries
27. UNDP (2010) What will it take to achieve the Millennium Development Goals? An International Assessment
28. https://blogs.worldbank.org/governance/getting-15-percent-addressing-largest-tax-gaps
29. https://www.worldbank.org/en/results/2019/09/09/mobilizing-tax-resources-to-boost-growth-and-prosperity-in-sub-saharan-africa
30. https://www.oecd.org/tax/tax-policy/revenue-statistics-africa-nigeria.pdf
31. Taken from https://yourbudgit.com/wp-content/uploads/2020/03/2020-Budget-Analysis.pdf. Total
32. The IMF have noted this is not due to a relatively high debt to GDP ratio rather a very low revenue base. https://www.imf.org/en/News/Articles/2019/04/01/na040219-nigeria-mobilizing-resources-to-invest-in-people

In other words, achieving SDG 4 will require a huge boost to overall spending and Nigeria must urgently rase new revenues to meet SDG4.

Looking at the estimated per-pupil spending required to meet the SDG4 targets for quality and equity *at primary school level alone,* **ActionAid has estimated this would require a total spending of US$8.8 billion in 2020[33] – yet the total federal budget in 2020 is just US$1.9 billion.[34]**



Nigeria should focus on increasing revenue by 5%. Recent studies[35] suggest that increasing tax-to-GDP ratios by 5% in the medium term (3-5 years) is an ambitious, but reasonable target.[36] **If Nigeria did this it could raise an additional US$23 billion by 2023.[37]** At current spending levels, just **20% of new tax revenues raised this way could generate US$4.7bn – about 40% of the entire Federal education budget for 2019.[38]**

Reducing tax losses through eliminating harmful incentives is one way to raise new funds for education. In 2018 the IMF estimated that getting rid of unnecessary tax exemptions[39] could raise around 2.1% of GDP[40] amounting **to lost revenue of US$8.3 billion.[41]** If 20% of this amount **(i.e.US$1.6 billion)** was allocated to education (as per international benchmarks) ***what could it pay for?***

It is worth noting that the IMF's estimated tax loss figure did not include incentives granted to large corporations, particularly oil companies. The IMF estimated that of the above estimate, around 1.3% of GDP was granted to just four types of incentives, mainly to large international companies - on import duty, VAT reductions, tax holidays and "pioneer status" incentives[42] - which would amount to US$5.1bn.[43] In other words, this is likely to be a huge under-estimation, especially since in 2016 AAUK showed that Nigeria lost a staggering US$3.3billion as result of ten-year tax breaks granted to just 5 of the world's biggest oil and gas companies.[44]

33. The Global Partnership for Education estimated that in 2020 it would require a per pupil spending of US$269. See: https://web.archive.org/web/20181001121750/https:/www.globalpartnership.org/funding/education-costs-per-child. This was based on the SDG costing which looked at spending to tackle SDG targets of equity and quality and boost per pupil spending. See: https://en.unesco.org/gem-report/sites/gem-report/files/background%20paper%20-%20costing%20education.pdf. We have then used this per pupil spending to what the total annual cost of meeting the equity and quality targets would be for primary school children (as per AAI estimates above). This per pupil spending is considerably higher than spending is likely to be in Nigeria, but a lack of breakdown allows this to be analyzed.
34. Taken from Federal budget estimates for 760bn naira converted to US$ at May 2020 rates (1.9bn): https://yourbudgit.com/wp-content/uploads/2020/01/2020-Approved-Budget-Analysis.pdf
35. See a discussion of this and the relevant background studies in ActionAid (2020) Who Cares for the Future: finance gender responsive public services. https://actionaid.org/publications/2020/who-cares-future-finance-gender-responsive-public-services
36. It is important to note this calculation does not look at the mechanisms for achieving the 5% increase (i.e. which tax reforms are pursued). For ActionAid any future revenue generation should be done with a focus on progressive and gender-responsive tax reforms, so that any new taxes do not hurt the poorest and most vulnerable, but rather fall to those most able to pay. Our analysis above shows that there are ways to achieve this 5% increase progressively.
37. ActionAid (2020). *Who Cares? Paying for care work through transforming the financing of gender responsive public services.*
38. Based on figures from BudgIT for 2018, converted se Naira 605,800,000,000, converted to USD$ using WDI annual average rate to $ Ed budget $USD1,981,033,35. https://yourbudgit.com/wp-content/uploads/2019/02/FEDERAL-GOVERNMENT-2018-BUDGET-Final.pdf
39. It is well established that many incentives in developing countries are "unnecessary" https://www.oecd.org/tax/options-for-low-income-countries-effective-and-efficient-use-of-tax-incentives-for-investment.pdf. In Nigeria specifically, most tax incentives have been shown to do little to attract investment (hence are unnecessary), see: https://www.taxjustice.net/2018/08/14/are-tax-incentives-in-nigeria-attracting-investment-or-giving-away-revenue/.
40. IMF 2018, Mobilizing Tax Revenues in Nigeria https://www.elibrary.imf.org/view/IMF002/25008-9781484345481/25008-9781484345481/25008-9781484345481_A001.xml?language=es&redirect=true#references:
41. Authors own calculations. 2.1% of GDP is US$8,342,661,937, based on World Bank WDI data, (total GDP in 2018 is US$397,269,616,080). See detailed calculation sheet.
42. These were incentives given on; import duty waivers/concessions/grants, VAT waivers/ concessions/ grants, and pioneer status—separately for non-oil companies and oil companies – which carries tax holidays of 3 to 5 years. Nigeria currently gives a three-year tax holiday to practitioners in 27 industries under an initiative called "pioneer status incentive", which has been largely shown to favour large companies.
43. This was based on using GDP 1.3% = 5,164,505,009, based on total GDP from 2015 =US$397,269,616,080. See: IMf, 2018, Mobilizing Tax Revenues in Nigeria https://www.elibrary.imf.org/view/IMF002/25008-9781484345481/25008-9781484345481/25008-9781484345481_A001.xml?language=es&redirect=true#references
44. ActionAid (2016) Leaking revenue How a big tax break to European gas companies has cost Nigeria billions Leaking revenue report.
45. The calculation of per pupil spend (US$269) required to meet the twin targets of equity and quality. This is from an estimate from the Global Partnership for Education estimated that in 2020 it would require a per pupil spending of US$269. See: https://web.archive.org/web/20181001121750/https:/www.globalpartnership.org/funding/education-costs-per-child. IN turn this was based on the GEMR-UiS SDG costing which looked at spending to tackle SDG targets of equity and quality and boost per pupil spending. See: https://en.unesco.org/gem-report/sites/gem-report/files/background%20paper%20-%20costing%20education.pdf. We have then used this per pupil spending to what the total annual cost of meeting the equity and quality targets would be for primary school children. This per pupil spending is considerably higher than spending is likely to be in Nigeria, but a lack of breakdown allows this to be analyzed.
46. There are different salary scales for each state. For this study we used the Lagos State. Given this is the wealthiest State, this is likely to represent the higher end of the range. We took the starting scale (07) and starting salary (01). This includes basic salary and various allowances and incentives (i.e. housing, meals etc). Currently the starting annual salary for primary school teachers in Lagos is of N767,585.28. This was then converted using the average US$ exchange rate for 2020. The figure was obtained through personal communications with the Nigeria Union of Teachers.
47. Naira 70 which is equivalent of $5.51, taken from the school feeding programme http://hgsf-global.org/

A Call to Action

With only 10 years to go before 2030 and with increasing pressure on public spending due to the global economic downturn resulting from the Covid-19 pandemic, spending on education must be prioritized.

ActionAid calls on the government of Nigeria to safeguard education spending and take the following measures needed to fully finance quality, inclusive public education and achieve SDG 4:

1. Increase the **SHARE** of the budget allocated to education, by either meeting or exceeding UNESCO's benchmarks of 20% of national budget and/or 6% of GDP.

2. Increase the **SIZE** of the overall budget, maximising the availability of resources for investment in public education by:
- Mitigating the effect of macro-economic policies that limit the amounts available for public spending (e.g. by reducing debt servicing and limiting austerity policies)
- Setting an ambitious (but realistic target) to increase the tax-to-GDP ratio by 5% in the medium term (3-5 years) and 20% in the long term through progressive domestic resource mobilisation including:
  – Ending harmful incentives;
  – Reviewing tax and royalty agreements in the natural resource / extractive sector, in particular;
  – Closing loopholes which enable tax avoidance and evasion in the private sector;
  – Promoting and enforcing fair corporate tax;
  – Promoting and enforcing progressive taxes on personal income and wealth.

3. Increase the **SENSITIVITY** of national education budgets by:
- Focussing on equity in public expenditure to redress inequality and tackle discrimination (e.g. stipends for children with disabilities; increased investments in incentives for teachers posted to rural areas).
- Developing nation-wide equity funding formulae which explicitly addresses inequalities.

4. Enhance the **SCRUTINY** of national education budgets by:
- Actively encouraging scrutiny of education budgets and expenditure to promote transparency and accountability and ensure funds arrive on time and are spent effectively (especially in disadvantaged areas) e.g. by enabling or formalising civil society oversight.

Contact Us

Address: ActionAid Nigeria, Plot 477, 41 Crescent, Off Saadu Zungur Avenue, Gwarinpa Abuja

Email: info.nigeria@actionaid.org **Tel:** +234 (0) 812 8888 825-7 **http:**//www.actionaid.org/nigeria

@actionaidnigeria