STRENGTHENING TVET FINANCING AND RESOURCING FOR THE SUSTENANCE OF TECHNOLOGICAL EDUCATION IN NIGERIA (A STUDY OF THE FEDERAL POLYTECHNIC ILARO)

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Abstract

Technical and Vocational Education and Training (TVET) is very important for the empowerment of youths globally, the unemployment rate of young graduates in Nigeria has been a steady increase for years, several scholars had in their reports and findings opined that the government should invest in technical and vocational training for Nigerian youth. This study examined the funding of the Nigerian Polytechnics and Technological Institutions using the Federal Polytechnic Ilaro as a case study, to assess whether the current increase in the Tertiary Education Tax from 2% to 2.5% can have a positive impact on technological education, as the focus of this study. To examine whether the current increase will lead to an increase in the funding of Polytechnics in Nigeria or will revitalize vocational and technical education in Nigeria. The source of information was through both secondary and primary sources, the study is descriptive, and the oral interview was used to examine the opinion of practitioners and the users of the services of these Institutions. The finding reveals that there exists a gap between the industry and our TVET institutions and that the government should increase the percentage given to the Polytechnics from the proceeds of the Tertiary Education tax, which presently is 2.5%. The study recommended that the TVET institutions should identify through interaction with industries the challenges they have and find a way to provide practical solutions, this will bridge the gap between the institutions and the industries. Government should increase the funding of the Polytechnics in the country through the increase in the percentage accruing to it from the Tertiary Education Tax.

Keywords: Funding, Financing, Industry, Tertiary Education Tax, TVET

Introduction

There is a need to strengthen Technical and Vocational Education Training (TVET) finance and resourcing for the sustenance of technological education growth in Nigeria. This form of education is a tool for youth empowerment growth globally. UNESCO (2002) explained that Vocational and Technical Education Training (TVET) is the study of technology and related sciences with the acquisition of practical skills, knowledge, attitudes, understanding, and Knowledge related to occupations in various economic sectors of the economy and society as cited in (Odike, Akpogarian, and Ukeje, 2020). Osidipe (2019) noted that the financial needs of a TVET institution are higher than that of a regular academic institution because of the acquisition cost and maintenance of training equipment. Countries need to find a way to ensure proper financing of the vocational and technical equation because it is a means of empowering youths, and most importantly it assists in social security.

UNESCO (2022) conference on TVET discusses challenges and new directions for TVET, and participants deliberated on the relevance of the organization's strategy for TVET 's priorities, interventions, and synergies with other organizations and institutions (www.events.unesco.org). In its contribution to the 2030 agenda for sustainable development, the organization has adopted a strategy for TVET transformation (2022-2029). This strategy touch light on three important areas of Technical and Vocational Education and Training; which includes; promoting equity and gender equality, fostering youth employment and entrepreneurship, and finally ensuring the transition from green economies to sustainable societies Philip (2012) relates TVET education and social security together, he emphasized that both are important and necessary to be given special attention. Odike et al, (2020) explained further that TVET

encourages the acquisition of skills with basic knowledge in science that resulted in relevant and desirable manpower for the world of work, technical and vocation training increases a country's workforce that signals economic growth and development.

Agabi & Oyeike (2008) explained that funding is an electronic term that is used to explain the application of money as resources for economic input to any production process. Arihen (2012)opined that financing is committing financial resources to a specific activity, venture, project or event, institution, or organization cited in (Odike et al, 2020). Asian countries committed their resources to sponsorlecturers/teachers to involve in TVET in their countries to attend and participate in UNESCO conventions/conferences, this exposes these lecturers to current trends in TVET education, which allow them to bring innovative ideas into their curricula, (Okoli, Wejinya, Agam & Asufi, 2016). The four Asian tigers; Hong Kong, Taiwan, Singapore, and South Korea, have shown tremendous progress in their economic growth because of their giant strides in technology by devoting a lot of resources to education, most especially TVET.

According to the report by the World Bank as cited in Adedigba, (2022). Ghana allocated 22.09% of its natural budget to education in 2016, 20.1% in 2017, and 18.6% in 2018. Likewise, South Africa allocated 16.7% in 2018 and these have been on a steady increase to date. Adedigba (2022) quoted the Education Minister, Alhaji Adamu Adamu, that Nigeria's budget allocation to educationis between 4% and 10% since 1999.Budget allocation in 2019 was 7.05%, 2020 was 6.7% while in 2021 it dropped to 5.6% being the lowest in 20 years (Osidipe, 2016 and Adesina, 2021), this is contrary to the recommendation of the Dakar framework which suggested an annual budget of 15-20% allocation to education from the National Budget (Adedigba, 2022). It is observed that Nigeria is far behind South Africa and Ghana in terms of the percentage of their national budget allocation to education generally.

Twam-Ampofo (2021) explained that the government of Ghana had invested about one billion Dollars in TVET institutions in four years, this funding is for infrastructures and provision of modern equipment for technical universities, upgrading of 34 National Vocational Training Institutions (NTVIs), creation of skills development centers and training of instructors (ctvet.gov.gh.). Against UNESCO recommendation Nigeria budgets only #3.6trillion out # of 55.3trillion national budget for education in six years, while the budget for defense kept on increasing, from $1.76billion in 2016 to $4.5billion in 2021, this revealed that in 6years Nigeria spent $19.9billion (#12.3trillion) 22.24% of the national Budget on security alone (Babatunde-Lawal, 2022), while TETFund receives ₦189billion in 2021 from Tertiary Education Tax (Bogoro, 2022).

This study agrees that TVET is the foundation of most newly industrialized nations, in the list of newly industrialized nations published in 2022, Egypt and South Africa were the only African countries that make the list, this implies that Nigeria needs intensive finance for TVET to have massive growth in technology, youth empowerment and economic growth (world population review.com). Okoli et al, (2016) expressed concern that the government of Nigeria is not interested in funding TVET education. The study concluded that TVET has not solved the problem of insecurity and the employability of youths, the way TVET assisted in solving the same issues in parts of southeast Asia and other developed countries, and the study observed that the assistance of Non-Governmental Organisations (NGOs) in the funding of TVET was resourced.

Osidipe, (2019) worked on the funding effectiveness of TVET for decent employment and inclusive growth in Nigeria with perspectives from China. The study observed that Nigeria possesses abundant human and Natural resources but the country is still plagued with persistent unemployment, poverty, and low productivity which is due to the underfunding of the TVET sector. The key drivers of the economy need technical and vocational skills which are scarce and of poor quality. The key drivers identified in the study include, infrastructure, manufacturing, and Export drive. The study examined the context of TVET in Nigeria and the effectiveness of funding. While comparing Nigeria's funding of TVET with that of China, the study revealed that the central government in China took TVET funding seriously by allocating special funds to TVET.The study noted that in Nigeria TVET education is not the desire of parents for their children, similarly in china, but there the government adopted the provision of incentives to students to encourage them to embrace TVET. These incentives include the provisionof tuition-free education in TVET institutions, giving monthly stipends to students enrolled in TVET schools, and a Bursary for full-time students in the first and second year of study in tertiary institutions.

Odike, et al., (2020) believe that the majority of Nigerian youths are unemployable, and the solution suggested was technical and vocational studies. Once the youths are well trained in technical and vocational studies these youths will be self-employed, they will not be employment seekers but job providers. Joseph, Frankline, and Williams (2018) opine that TVET should shift from total dependence on government, but the institutions should focus on inventing tools that can aid training. The study concluded that the government had persistently declined in listening to

calls by different scholars for the increase in yearly allocation to education in general. Akanbi (2017) wanted the gap between policy documents and implementation to be closed.

From the literature reviewed this research intends to provide answers to the following questions:

Apart from the funding from the annual national budget, what other funding windows are open for the funding of education in Nigeria?

What is the impact of the current increase of the Tertiary Education Tax from 2% to 2.5% on the funding of TVET Institutions in Nigeria?

Has TETFund assisted in financing TVET since 2011?

Is the current sharing ratio of the proceeds from the Tertiary Education Trust Fund sufficient for TVET Institutions in Nigeria?

Philip (2012) identifies some sources of financingthat are available toeducational institutions in Nigeria:

1. Government can give grants to educational institutions involved in vocational and technical training to assist in the maintenance and acquisition of training equipment, the colonial government used grants to revitalize education during the colonial era (Philip, 2012)

2. Institutions can charge fees for extra facilities or special services, such as ICT levy, and caution fees to a deterrent for wrong handling of the institution property by students.

3. Technical training Institutes can solicit donations or endowments funds from charitable organizations, philanthropic individuals in the society, and alumni associations.

4. Self-generated funds from the Institution's business initiatives and activities for example "PolyConsults."

5. Foreign aid assistance can be sort from developed countries, foreign foundations, and NGOs, that have a passion for manpower development in developing countries.

6. The Tertiary Education Trust Fund (TETFund) is a special fund whose focus is on identifying needs, funding training, and executing projects in tertiary institutions in Nigeria.

The Education tax decree (1993) established the education tax of 2% charged on the assessable profits of companies registered in Nigeria. The decree also established the education tax trust fund where the proceeds of the education tax are deposited, this fund is managed by a board of trustees. The Education Tax amendment Decree (1998) change the composition of the board of trustee structure to the composition of the appointees of the head of state rather than the representatives of the heads of educational institutions in Nigeria. The decree establishing the trust fund was later changed to Education Trust Fund Act (2004), this fund was established for the rehabilitation, restoration, and consolidation of tertiary education in the country.

The Tertiary Education Trust Fund (TETFund) was established in 2011 by the Federal Government of Nigeria through the enactment of the Tertiary Education Trust Fund (establishment) act No.6 2011. This act which commenced operations on the 3rd of June, 2011 repealed the Education Tax Act, cap E4, laws of the Federation of Nigeria 2004, and the Education Tax Fund Act No.17, 2003 (TETFund Act, 2011). This fund is charged with responsibility for imposing, managing, and disbursing tax collected from the assessable profit of companies registered in Nigeria, to public tertiary institutions in the country. the tax due is payable within 60days after the Federal Inland Revenue Service (FIRS) has served the notice of assessment on a company. The TETFund act restructured the composition of the board of trustees to include a representative each from the universities, polytechnics, and colleges of education. TETFund focus is only on tertiary institutions, the proceeds of tax after the board of trustee have deducted its 5% administrative cost the balance is shared among the three tertiary institutions in Nigeria. The universities, the polytechnics, and colleges of education in the ratio of 2:1:1 respectively, The government through the Finance Act (2021) change the rate of the tertiary education tax from 2% to 2.5% by amending section (1) subsection (2) of the TETFund act (2011). Now that the rate of tax is increased, does it means more funding for the technical institutions, they can find out in subsequent studies.

The focus of this study is strengthening TVET financing and resourcing for the sustenance of technological education in Nigeria, a study of the Federal Polytechnic, Ilaro. The work intends to achieve the following objectives;

To determine whether the national budget is the only source of funding for TVET in Nigeria

To determine the effect of the recent increase in Tertiary Education Tax from 2% to2.5% on TVET

To assess whether TETFund assists in the funding of the projects in the Federal Polytechnic, Ilaro

To find out whether the current sharing ratio of proceeds of the fund among tertiary institutions in the country is sufficient

Methodology

The location of the Study is the Federal Polytechnic, Ilaro, Ogun state, Nigeria, it is the case study for this study as a representative of the thirty-seven Federal Polyitechnics in Nigeria. This work uses both primary and secondary sources of information, the secondary source includes a review of journal articles on the subject, the Federal Inland Revenue Service statistical bulletins of difference issues, textbooks, periodicals and newspaper publications online. The primary source is from the oral interview of members of the academic staff of the Federal Polytechnic, Ilaro, and through observations of events within the polytechnic. The data collated are analyzed using descriptive statistics such as tables and charts.the study covers the period from 2011-2021 for data collated from the Federal Inland Revenue Service (FIRS), while the data from the Federal Polytechnic Ilaro is from 2015 to 2021.

Findings

The finding shows that the source of funding to TVET institutions was not only through the annual national budget of the country but the Tertiary Education Tax was also a source of funding not only for the TVET institution but also for the other tertiary institutions in the country.

Table 1

TERTIARY EDUCATION TAX COLLECTED BY FIRS FROM 2011 TO 2020

YEARS	ANNUAL TARGET ₦'b	QUARTERLY TARGET ₦'b	ACTUAL Q1 ₦'b	Q2 ₦'b	Q3 ₦'b	Q4 ₦'b	TOTAL ₦'b
2011	97.24	24.31	6.88	13.86	56.60	53.40	130.74
2012	96.83	24.21	8.62	25.83	124.94	29.05	188.44
2013	125.42	31.36	42.90	20.75	172.87	42.84	279.36
2014	162.01	40.50	12.64	38.06	115.17	23.74	189.61
2015	206.08	51.52	7.18	26.85	112.15	59.87	206.04
2016	149.82	37.46	8.24	26.58	80.47	14.84	130.12
2017	188.72	47.18	33.93	24.94	60.10	35.99	154.96
2018	207.07	51.77	25.80	29.70	89.80	58.00	203.29
2019	275.40	68.85	7.23	38.41	153.85	21.57	221.06
2020	277.02	69.26	11.34	32.48	195.10	20.64	259.56
				TOTAL			1963.18

Source: collated from the quarterly statistical bulletins of the FIRS.

Table 1 shows the annual tax collected by the Federal Inland Revenue Service (FIRS) from 2011 to 2020 the total amount collected for ten years is ₦1.963trillion only. The table shows the amount targeted by the service per quarter and year and what was collected in a year and quarterly per year. It is observed from the table that the service had not been meeting its targets since 2015.

Table 2

SHARING OF THE FUND AMONG THE TERTIARY INSTITUTIONS

YEARS	ACTUAL TAX	TETFUND Admin.	FUND TERTIARY INSTITUTION	POLYTECHNICS AND MONOTECHNICS	UNIVERSITIES	COLLEGES OF EDUCATION
	₦'b	₦'b 5% of the fund	₦'b Balance	₦'b 25% of the balance	₦'b 50% of the balance	₦'b 25% of the balance
2011	130.74	6.54	124.20	31.05	62.10	31.05
2012	188.44	9.42	179.02	44.76	89.51	44.76
2013	279.36	13.97	265.40	66.35	132.70	66.35
2014	189.61	9.48	180.13	45.03	90.07	45.03
2015	206.04	10.30	195.74	48.94	97.87	48.94
2016	130.12	6.51	123.61	30.90	61.81	30.90
2017	154.96	7.75	147.21	36.80	73.61	36.80
2018	203.29	10.17	193.13	48.28	96.56	48.28
2019	221.06	11.05	210.00	52.50	105.00	52.50
2020	259.56	12.98	246.58	61.65	123.29	61.65
2021	189.00	9.45	179.55	44.89	89.78	44.89

Computation by the researchers

Table 2 display the distribution of the proceeds from the tax collected by FIRS to TETFund, the tertiary institutions. The Polytechnics and the Colleges of Education collect half of what was distributed to the Universities. The highest amount was collected in 2015 with the sum of ₦279.04billion only. The lowest amount was in 2016 when the amount collected was ₦130.12. the steady increase was witnessed from 2017 to 2020, there was a 27.18% decrease in 2021, this was due to the COVID-19 pandemic.

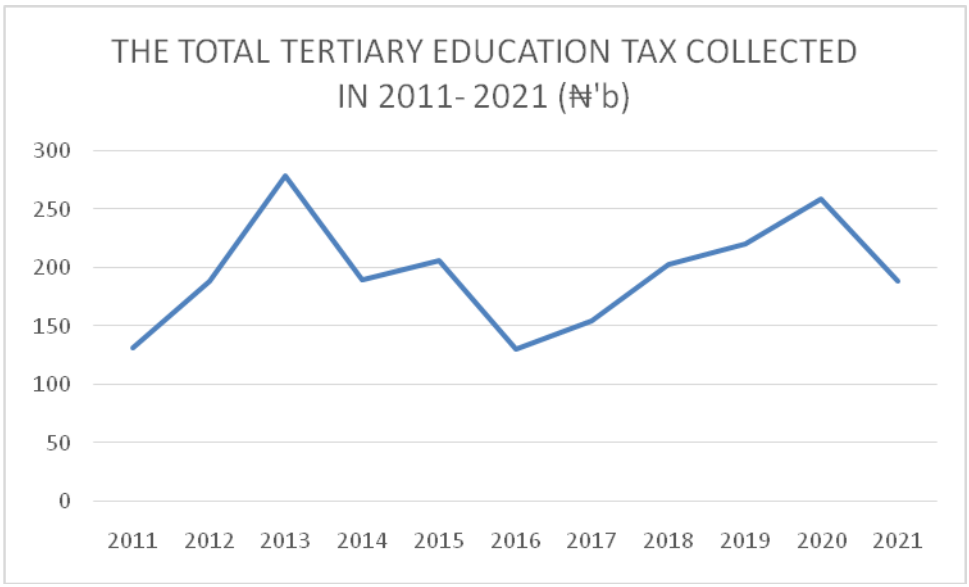


Figure 1 Total Tertiary Education Tax collected from 2011-2021

Figure 1 show the amount of Tertiary Education Tax collected from 2011 to 2021, the shows the highest tax was collected in 2013 while the lowest was in 2016, there was a sharp increase in 2020, and there was a steady fall in 2021 as it was in 2014. The reduction in tertiary education tax witnessed in 2021 was not as bad as it was in 2016.

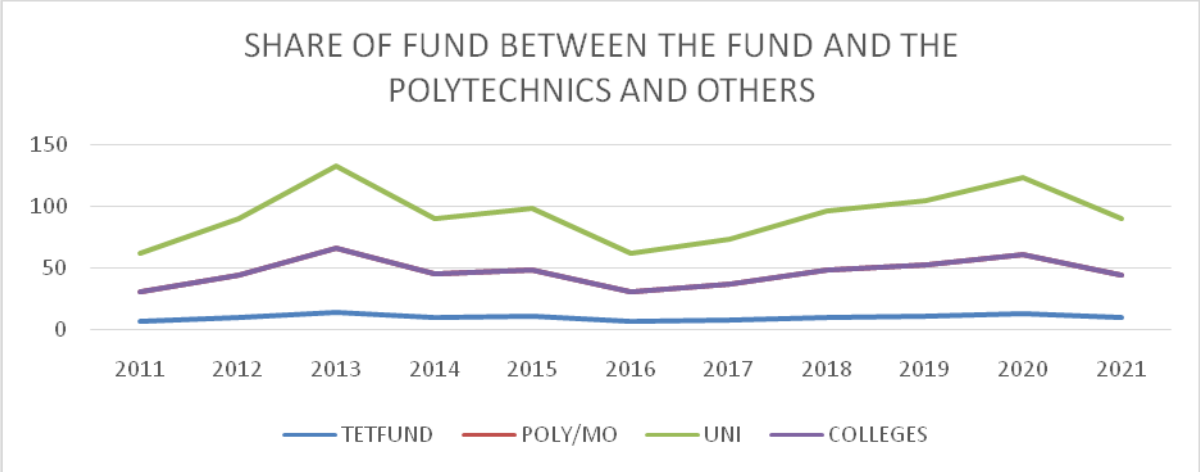


Figure 2 .The distribution to tertiary institutions in Nigeria

Figure 2 display the share of the fund paid into Tertiary Education Trust Fund as calculated by the researchers. The Universities have the highest percentage of the fund, the above signifies that the Nigeria Government has a passion to fund the universities more than the Polytechnic that is involved in technical and vocational training. Above is the current situation but the academic staff of Nigerian Polytechnics and Monotechnic institutions are clamouring for a higher percentage or an equal share with the Universities.

Evidence of TETFund intervention in the Federal Polytechnic, Ilaro

Table 3.1 Funding of Capital Projects from 2015 to 2022

S/N	PROJECTS	SOURCES OF FUNDING	COMPLETED/ ON-GOING
1	Construction of 500 sitting capacity auditorium and well-furnished office facilities	TETFund	Completed
2	Construction /furnishing office complex for School of Communications and Information Technology	TETFund	completed
3	Construction /furnishing of office building extension for School of Environmental Studies	TETFund	completed
4	Construction of workshops/ studios complex for School Of Environmental Studies	TETfund	completed
5	Construction of twin 250 sitting capacity lecture theatre	TETFund	completed
6	Constructions/furnishing of blocks of class at the west campus	TETFund	Completed/ on-going
7	Construction of Agric Farm complex comprising various animal units for the department of agricultural technology	TETFund	completed
8	Construction of students/public lavatories for male and female students	TETFund	completed
9	Construction /furnishing of mass communication department's studio	TETFund	completed
10	Rehabilitation and refurnishing of the administrative complex and its annex office buildings	TETFund	completed
11	Construction and furnishing of the new Polytechnic Medical Centre	TETFund	completed
12	Construction of labouratory complex for the proposed cement technology department	TETFund	completed
13	Streets light along the existing roads and link ways	TETFund	completed
14	Construction of new student hostels	TETFund	On-going

Source: Aluko, (2022)

Table 3.1 show the list of construction projects, furnishing of training workshops, and office furnishing works done through the TETFund funding. The Fund has also been funding research proposals, and innovations. The table above shows that apart from the annual budget funding for education, the technical institution can leverage the funding from

this Trust fund. Other projects in Ilaropoly were funded through the Internally Generated fund, the Capital fund from the federal government, and donations from philanthropic individuals and the alumni association (Aluko, 2022).

Funding of capital projects is not the only area of focus of the fund, they are also involved in the training and retraining of staff of tertiary institutions, between 2015 and 2021 the following number of staff benefited from TETFund-sponsored staff training and development in the Institution.

Table 4.1

STAFF TRAINING AND DEVELOPMENT SPONSORED BY TETFUND IN SIX YEARS

S/N	HIGHER DEGREES	FOREIGN INSTITUTIONS	NIGERIAN INSTITUTIONS	TOTAL	REMARKS
1	PHD	13	01	14	COMPLETED
2	PHD	07	30	37	STILL ON
	TOTAL PHD	20	31	51	Total number Sponsored for Ph.D. in 6 years
3	MSc	11	05	16	COMPLETED
4	MSc	05	13	18	STILL ON
	TOTAL (Masters)	16	18	34	Total number sponsored for Masters in 6 years
	Total	36	49	85	

Source: Aluko, (2022)

Table 4.1 show that eighty-five teaching staff was sponsored for higher degrees through Tertiary Education Trust Fund (TETFund), thirty-six went for training in foreign Universities while forty-nine were trained and undergoing training in Nigeria.

Further findings reveal that the academic staff in TVET institutions in Nigeria have a higher percentage from the Fund. The staff interviewed believe that technical, vocational, and innovative training is the bedrock of any developed economy, and the country needs to engage its youths in skills that enhance their productivity toward the sustainable development of the society. The 25% of the distributable fund of the trust fund to the Monotechnics and polytechnics in the country is grossly insufficient as per the discoveries of this study, for the government to show that he is serious about the sustenance of funding and financing TVET institutions in the country, more funding should be geared toward the acquisition of equipment and workshops tools for training. The majority of staff interviewed, most importantly the executive of the staff union, think that the percentage should be increased to 40% is a 60% increase in the share of Monotechnics and Polytechnics from the TETFund distributable fund. The TVET deserves equal funding as the Universities or more funding.

Conclusion

The study agrees with (Osidipe, 2019) that the cost of running TVET institutions is higher than that of a regular academic institution. After examining all the projects funded that the government in the Federal Polytechnic, Ilaro, the study find out that the institution still required more funding to build more labouratories, workshops, studios, ICT facilities, office complexes, and other teaching aids and facilities for the use of students and staff. The study agrees with (Philip,2012) government needs to fund technical education so that it's increased spending on security will reduce since the youths need to be active and their abundant energy must be geared toward technical skills and innovation for enhanced social security.

The findings disagree with (Okoli, et al, 2016 and Odike et al, 2020) that the government is not funding TVET and that Nigeria youth are unemployable, the increase in Tertiary education tax from 2% to 2.5% shows that the Government is aware of the need to finance tertiary education in the country. The youths that went through TVET possessed the required skills and knowledge. The study concluded that there will be an increase in the resources accruing to Monotechnics and Polytechnics once the increase of 2.5% tax takes effect because it will increase the distributable funds see table 2.1.

Recommendations

1. Therefore for the sustenance of TVET financing and resourcing for the sustenance of technological education in Nigeria, an increase percentage of 40% of TETFund distributable fund should be allocated to Technical and Technological Institutions.
2. Institutions should explore other sources of funding as listed in Philip (2012)
3. There should be mutual interactions between the institutes and industries, this study found out that there is a gap between the industries and technology institutions
4. Research in TVET institutions should focus more on identifying problems faced by industries, and provide practical solutions to those challenges. This will improve the relevance of TVET to society. The venture can also bring more resources to the institution in terms of equipment and funding.
5. Government should increase the annual budget allocation to education to 20% of the total national budget like other serious nations.
6. Tertiary Education Tax should be charged on the assessible profit of companies with significant economic presence in the country

Area of further studies

Future studies can examine the effects of the exchange rate and inflation rate on the funding from TETFund, and studies can also be carried out to assess areas of self-sustenance for TVET

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