

Toward Nigeria's Vision 20:2020: Public Investment in Human Capital and Outcomes

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Abstract

The paper examines Nigeria's public investment in relation to human capital development outcomes between 2009 and 2012. The aim is to analyse the extent to which human capital development responds to the smart initiative by the Nigerian Government in its drive towards achieving Nigeria's vision 20:2020. The paper adopted a comparative approach. Human capital in Nigeria was compared with those of Belgium, Poland, Saudi Arabia and Sweden that have been in contention for the 20th largest economy since 2009. The paper found out that the huge investment in education and health in 2011 and 2012 has produced mixed results in human capital development. Some of the challenges identified as hindrances to the achievement of the set targets include; inadequate funding, corruption and child labour. Therefore, the paper concludes that a new law - the Project Implementation Continuity Act which was initiated should be fully implemented. This will ensure that all projects started must be completed before new ones are initiated. This will go a long way in ensuring that the required level of human capital that will engender sustainable economic growth and development are established.

Keywords: Public Sector Investment, Human Capital, Sustainable Economic Growth.

1. Introduction

Until 1988 - two years after the adoption of the International Monetary Fund (IMF) instigated structural adjustment programme (SAP) - Nigeria's growth trend was highly inconsistent. It ranged between -15.7 per cent in 1960 and 25 per cent in 1968 and averaged 3.26 per cent within the same period. The country has experienced positive economic growth rate between 1988 and 2012. This has resulted in an average economic growth rate of 5.26 per cent. Even better growth performance has been experienced since 2003. Average growth rate between 2003 and 2012 was 7.38 per cent. Thus, the country's real gross domestic product (measured in constant 2005 US\$) increased from US\$ 54.7 billion in 1988 to US\$ 177.7 billion in 2012. An examination of the Nigerian economy shows that one of the major objectives of SAP (promoting non-inflationary economic growth) was partially achieved. However, the objective of restructuring and diversifying the productive base of the economy is yet to be achieved. Further examination of the economy shows that the rapid growth performance experienced so far has not translated into human development. Levels of unemployment, poverty, income inequality, health and illiteracy have grown worse in some cases. For instance, the level of income inequality measured by the Gini coefficient index increased from 38.7 in 1986 to 48.8 in 2012. Also, the depth of poverty and its incidence measured by the poverty gap at \$1.25 a day increased from 21.9 per cent in 1986 to 33.7 per cent in 2010. Although there are marginal improvements in some health indicators such as life expectancy at birth and infant mortality rate, the general productivity level of the citizens is still very low. This is exemplified by the current (2012) GDP per capita of US\$ 1,555, with a human development index HDI of 0.471 in 2012.

To overcome the challenges highlighted above, the Nigeria Vision 20:2020 economic transformation blueprint was designed. It is a long term plan meant to stimulate Nigeria's economic growth and launch the country into a path of sustained and rapid social-economic development. The overall vision is to build a large, strong, diversified, sustainable and competitive economy that effectively harmonises the talents and energies of its people and responsibly explore its natural endowments to guarantee a high standard of living and quality of life to its citizens. The overall goal is to achieve a GDP of \$900 billion and a per capita GDP of \$4000 by 2020. The projection is that this feat will place the country among the 20 largest economies in the world.

One (and the first) of the three anchors of Nigeria Vision 20:2020 is to guarantee the productivity and the wellbeing of its citizens. The strategic objectives among others include enhancing access to quality and affordable healthcare and to build human capacity for sustainable livelihood and national development. The

human capital and social development thrust in the First National Implementation Plan (2010 – 2013) is to build a productive and functional human resource base for economic growth and social development. It was recognized in this plan that a knowledgeable, skilled, productive and healthy human resource guarantees optimal exploitation and utilization of other resources to engender growth and development. This underscores the need for making investment in human capital one of the priority policies in the current administration's Transformation Agenda: 2011-2015.

Several targets were set for both education and health in the First National Implementation Plan: 2010-2013. This paper examines the level of human capital development in Nigeria since 2010 in relation to government investment for the period. Consequently, the paper evaluates the prospects of actualizing the set targets for human capital development and ultimately for sustained economic growth and development. The remaining part of the paper is divided into four sections. Section two examines Nigeria's economic performance both in absolute and relative terms since the adoption of the new transformation plan NV 20:2020 in 2009. The third section compares Nigeria's human capital indicators with other countries in contention for the 20th largest economy in the world. Section four evaluates the effect of public investment on human capital development in Nigeria since 2010. The last section outlines the challenges and prospects of achieving the desired level of human capital that will engender sustainable economic development in Nigeria. The section also concludes the paper.

2. Growth Projections in Relation to the 20th Economies from 2009 to 2012

An examination of the economic performance of economies in the world since 2009 shows that United States of America has topped the lead. China displaced Japan to become the second largest economy in 2010 and has maintained that position till date. Germany and France occupy the 4th and 5th positions respectively since 2009, while Mexico, Korea and Switzerland have maintained the 14th, 15th and 19th positions respectively (see Table 1). It is worthy to note that 19 economies have consistently occupied the first 19 positions from 2009 to 2012. Four economies have been in and out of the 20th position since 2009. These are Belgium, Poland, Saudi Arabia and Sweden in 2009, 2010, 2011 and 2012 respectively. Nigeria's performance has been mixed. From 45th position in 2009, it rose to 38th position in 2010. It fell to 40th position in 2011 before rising again to 35th position in 2012. However, the GDP has risen consistently from \$168 billion in 2009 to \$262 in 2012. Specifically, the economy experienced a GDP growth rate of 6.6 per cent between 2010 and 2011. Between 2011 and 2012, the growth rate was 7.8 per cent.

The attainment of a GDP of \$900 in 2020 was predicated on an expected growth rate of at least 13.8 per cent per annum. Two years down the line, this level of growth rate has not been achieved. This expected growth rate is anchored on three pillars namely; guaranteeing the productivity and wellbeing of the Nigerian people, optimising the key sources of economic growth and fostering sustainable social economic development. The role of human capital development in productivity has been enunciated by Todaro and Smith (2003). Aside from promoting productivity, education and health are basic objectives of development; they are important ends in themselves. The development of any other sector in the economy depends on the level of development of a country's human capital. The next section examines the level of human capital development in Nigeria in relation to the level in other countries that are in contention for the top 20 economies in the world.

Table 1. Nigeria's Growth Projections in Relation to other Countries

R	COUNTRY	2009	R	COUNTRY	2010	R	COUNTRY	2011	R	COUNTRY	2012
1	United States	13,898	1	United States	14,419	1	United States	14,991	1	United States	15,684
2	Japan	5,035	2	China	5,930	2	China	7,321	2	China	8,227
3	China	4,991	3	Japan	5,495	3	Japan	5,896	3	Japan	5,959
4	Germany	3,298	4	Germany	3,284	4	Germany	3,600	4	Germany	3,399
5	France	2,619	5	France	2,548	5	France	2,779	5	France	2,612
6	United kingdom	2,183	6	United Kingdom	2,256	6	Brazil	2,476	6	United kingdom	2,435
7	Italy	2,111	7	Brazil	2,143	7	United kingdom	2,444	7	Brazil	2,252
8	Brazil	1,620	8	Italy	2,041	8	Italy	2,192	8	Russian Fed	2,014
9	Spain	1,455	9	India	1,710	9	Russian Fed	1,899	9	Italy	2,013
10	India	1,365	10	Canada	1,577	10	India	1,872	10	India	1,841
11	Canada	1,337	11	Russian Fed	1,524	11	Canada	1,777	11	Canada	1,821
12	Russian Fed	1,222	12	Spain	1,380	12	Spain	1,476	12	Australia	1,520
13	Australia	923	13	Australia	1,138	13	Australia	1,384	13	Spain	1,349
14	Mexico	884	14	Mexico	1,035	14	Mexico	1,158	14	Mexico	1,177
15	Korea, Rep.	834	15	Korea, Rep.	1,014	15	Korea, Rep.	1,114	15	Korea, Rep.	1,129
16	Netherlands	796	16	Netherlands	774	16	Indonesia	846	16	Indonesia	878
17	Turkey	614	17	Turkey	731	17	Netherlands	836	17	Turkey	789
18	Indonesia	539	18	Indonesia	709	18	Turkey	774	18	Netherlands	772
19	Switzerland	509	19	Switzerland	552	19	Switzerland	659	19	Switzerland	632
20	Belgium	473	20	Poland	469	20	Saudi Arabia	576	20	Sweden	525
45	Nigeria	168	38	Nigeria	228	40	Nigeria	243	35	Nigeria	262

Source: World Bank, World Development Indicators, 2013

R = Rank

3. Human Capital Development in Nigeria

Available statistics show that key human capital indicators in Nigeria are not only poor when compared to other leading economies in the world, but are deteriorating in some cases. Table 2 shows a comparison between Nigeria and selected countries that have attained the 20th position in the list of top economies in the world since 2009. As at 2010, net primary school enrolment in Belgium, Poland, Saudi Arabia and Sweden range between 93 and 99 per cent. Nigeria's rate of 57.6 per cent in 2010 was actually a fall from its 2008 value of 58.8 per cent. At 10,545,105, Nigeria is one the countries with the highest number of children out of primary school in the world. A more worrisome development is that the situation is getting worse. Table 2 shows that the level increased from 9,686,822 in 2009 to 10,288,599 in 2010. The reverse of this trend is however the case in the other countries (Belgium, Poland and Sweden). Health indicators have improved marginally in Nigeria. Infant mortality rate (per 1,000 live births) dropped from 87.7 in 2008 to 77.8 in 2012. This rate is outrageous when compared to statistics from other countries. Life expectancy at birth in Nigeria has been increasing gradually.

But there is still a wide difference between the level in Nigeria and other countries. An interesting observation is that a number of countries have already achieved a high level of human capital needed for sustainable social and economic development.

As social variables, government in many advanced countries in the world invest heavily in education and health. Table 2 shows the level of total and public investment in health in Nigeria and other countries. Health expenditure per capita in Nigeria is less than \$100. In 2011, health expenditure per capita in Nigeria was \$79. On the other hand, Belgium and Poland recorded \$4962 and \$5330 respectively. Another striking revelation is that the proportion of public sector contribution to health expenditure is higher in developed countries than in developing countries including Nigeria. It is little surprise therefore that most of the health indicators in advanced countries are fully developed. Taking a cue from the advanced countries will go a long way in developing the human capital base of Nigeria in its bid toward achieving rapid and sustainable economic growth by 2020.

Table 2. Human Capital Indicators: Nigeria Vs. Other Countries

HUMAN CAPITAL INDICATOR	YEAR	NIGERIA	BELGIUM	POLAND	SAUDI ARABIA	SWEDEN
Primary School Enrolment (Net)	2008	58.8	98.8	95.2	Na	98.6
	2009	57.4	98.9	96	Na	99.3
	2010	57.6	98.9	93	96.6	99.4
Children out of School	2008	9,686,822	6980	116006	Na	8150
	2009	10,288,599	6720	93741	Na	3932
	2010	10,545,105	6535	72718	106361	3598
Infant Mortality Rate	2008	87.8	3.7	5.8	10.1	2.6
	2009	85.1	5.6	5.4	9.3	2.5
	2010	82.6	3.5	5.1	8.5	2.4
	2011	80.1	3.4	4.6	7.9	2.4
	2012	77.8	3.4	4.3	7.4	2.3
Life Expectancy at Birth	2008	50.5	79.7	75.5	73.4	81.1
	2009	50.9	80	75.7	73.6	81.4
	2010	51.4	80.2	76.2	73.9	81.5
	2011	51.9	80.5	76.7	74.1	81.8
Health Expenditure Per Capita US\$	2008	88	4733	956	560	4865
	2009	74	4673	814	575	4337
	2010	67	4548	851	659	4708
	2011	79	4962	899	758	5330
Public Health Expenditure % of Government Expenditure	2008	7.6	14.9	11.4	7.1	14.5
	2009	7.4	15.1	11.6	6.4	14.7
	2010	5.7	15.1	11	6.8	14.8
	2011	7.5	15.1	11	6.8	14.6
Public Health Expenditure % of Total Health Expenditure	2008	37	75	72	67	82
	2009	31	76	72	66	82
	2010	32	76	72	66	81
	2011	37	76	71	69	81

Source: World Bank, World Development Indicators, 2013 na; not available

The next section examines Nigeria's current investment strategy in human capital development and the results achieved so far. It also highlights challenges encountered and possible prospects.

4. Performance Evaluation of Investment in Human Capital in Nigeria

One strategy to achieve the set targets in human capital in Nigeria was to invest heavily in both education and health of the people. The level of public investment in education and health are presented in Table 3. The development of human capital in response to the massive investment is presented in Table 4. The table shows a comparison between the baseline levels of selected indicators, the projected targets to be achieved in 2013 and the level of achievement so far.

Table 3 Federal Government Recurrent Expenditure 2008 – 2012 (N' Billion)

	2008	2009	2010	2011	2012
Social & Community Services	332.9	354.2	550.9	620.8	640.1
Education	164	137	171	336	348
Health	98	90	99	232	198
Others	71	127	281	53	94
Total recurrent Expenditure	2117.4	2128	3109	3314	3325

Source: Central Bank of Nigeria (CBN) Statistical Bulletin, 2013

4.1 Initiatives to Bridge the Gaps in Human Capital in Nigeria

Psacharopoulos (1994) found primary education to be most effective for overcoming absolute poverty and reducing income inequality through the acquisition of skills which are used for the production of goods and services. Nafziger (2006) noted that education has both consumer-good and investment-good components. He acknowledged that some returns to education cannot be captured by increased individual earnings. Thus literacy and primary education benefit society as a whole. One of the arguments for government investment in education is based on the fact that the social benefits exceed the private benefits. The Nigeria Vision 20:2020 economic transformation plan contains several initiatives to bridge the gaps that exist in Nigeria's human capital. One of the initiatives is to increase public budgetary allocation to the development of human capital.

Table 3 shows federal government investment in education between 2008 and 2012. Government investment in education and health has increased tremendously since 2011. At N336 billion and N348 billion in 2011 and 2012 respectively, public recurrent expenditure in education is almost twice the value between 2008 and 2010. The health sector also witnessed a similar jolt in government investment (see Table 3).

4.2 Performance Evaluation of Human Capital in Nigeria

The First National Implementation Plan (2010 – 2013) to achieve Nigeria's Vision 20:2020 set a number of targets for both the education and health sectors. The goal of Vision 20:2020 in education sector is to ensure that children, irrespective of ethnicity, gender, or disability, complete a full course of basic education which is 12 years of formal education comprising three years of Early Childhood Care Development and Education (ECCDE), six years of primary schooling and three years of junior secondary schooling. The proposed total investment for the education sector, for the plan period is N611.658 billion. The targets of the Vision 20:2020 as regards the education sector include:

- Increase net primary enrolment from 61.5 percent to 75 percent by 2013;
- Increase access to nomadic education from 22 percent to 40 percent by 2013;
- Increase adult literacy rate for women from 55 percent to 65 percent by 2013;
- Increase coverage for awareness and advocacy programmes by 2013;
- Upgrade 13,396 unqualified teachers by 2013;
- Review and update of all teaching and learning support materials by 2013; and
- Convert at least 40 percent of current science teachers to teach IT and use IT tools in teaching by 2013.

It is expected that the implementation of the programmes and projects will revitalise and reposition the education sector to produce competent individuals that are well equipped with the knowledge and skills to drive the rapid national development that will propel Nigeria into the league of the top 20 world economies. Health targets on the other hand include;

- Reduce under-five mortality rate from 157/1000 in 2008 to 108/1000 live birth by 2013.
- Reduce Infant Mortality Rate from 75/1000 live births in 2008 to 45/1000 by 2013.
- Increase the proportion of 1 year old immunized against measles from 41.4 percent in 2008 to 80

- percent by 2013.
- Reduce the prevalence of underweight children under 5 years of age from 23.1 percent in 2008 to 19.2 percent by 2013.
 - Increase the proportion of children under - 5 years sleeping under insecticide-treated nets from 5.5 percent in 2008 to 26.9 percent by 2013.
 - Reduce the maternal mortality ratio from the estimated 545/1000 live births in 2008 to 273/1000 live births by 2013.
 - Reduce proportion of tuberculosis detected and cured under directly observed treatment short course to 1 percent by 2013.
 - Increase the proportion of 12-23 months old children fully immunized from 22.7 percent in 2008 to 71 percent by 2013.
 - Increase the proportion of births attended by skilled health personnel from 38.9 percent to 70 percent by 2013.
 - Reduce the number of new wild polio virus cases from 382 in 2009 to zero case by 2013.
 - Increase the proportion of doctors to 100,000.
 - Increase in the public expenditure on health as percentage of Gross Domestic Product from present level of 1.4 percent to 3 percent by 2013.
 - Increase the proportion of children under 5 with fever who are treated with appropriate anti-malaria drugs from 33.3 percent in 2008 to 65 percent by 2013.

Table 4 shows key indicators of education and health in Nigeria. Going by the net primary school enrolment ratio in 2010, there seem to be a wide gap between expected and actual primary school enrolment rate.

Table 4. Key Performance Indicators of Human Capital Showing Annual Performance and Targets

PERFORMANCE INDICATORS	2008 Baseline	2009	2010	2011	2012	2013 Target in 1st NIP
Net Primary School Enrolment (%)	58.8	57.4	57.6	-	-	75
Adult Literacy Rate for Women	-	-	50.4	-	-	65
Under 5 Mortality Rate per 1000 Live Births	142	137	132.4	128	124	108
Infant Mortality Rate per 1000 Live Births	87.8	85.1	82.6	80.1	77.8	45
Proportion of 1 year old Immunized against Measles	53	64	71	71	-	80
Maternal Mortality Rate per 100,000 Live Births	545	-	630	-	-	273
Children Under 5 Sleeping Under Insecticide-treated nets	5.5	-	29.1	-	-	26.9

Source: World Bank, World Development Indicators, 2013

NIP; National Implementation Plan

This is buttressed by the high level of children out of primary school (see Table 2). There are mixed results about health indicators. Infant mortality rate (IMR) per 1000 live births and the proportion of one year old immunized against measles is reducing gradually. IMR reduced from 88 / 1000 in 2008 to 78 / 1000 in 2012. However, the prospect of attaining the target of 45 / 1000 in 2013 looks bleak. Nigeria has exceeded the 26.9 per cent target of children under-5 sleeping under insecticide treated nets. The value of 29.1 per cent in 2010 exceeds the target of 26.9 set for 2013. In general, the high level of investment in human capital development since 2010 by the Nigerian government has yielded some positive result. It is important to note that in spite of the strategies to develop human capital in Nigeria, much is still left to be achieved.

5. Challenges and Prospects of achieving the set targets

A number of challenges have been identified to militate against the maximum benefits derivable from the strategies adopted to achieve human capital development in Nigeria. This section outlines some of these challenges as well as the prospects of achieving the set targets for human capital during the first National Implementation Plan.

5.1 Challenges

The development of education and health in Nigeria face a lot of challenges. These include inadequate funding, corruption, poverty, child labour, culture and religious believes.

Inadequate Funding: Table 2 shows that average per capita expenditure on education in Nigeria has been less than \$100 compared to hundreds and thousands by other countries. Another remarkable observation is that the government in Nigeria spends a smaller proportion of total expenditure on education. The reverse is the case in advanced countries.

Corruption: The high level of corruption in the system has made government intervention to be highly inefficient. Thus, little is achieved from so much investment.

Poverty / Child Labour: The high level of inequality and poverty in the economy has increased the incidence of child labour in Nigeria. This has increased the number of children out of school.

Cultural and Religious Beliefs: Certain cultural and religious believes in the country militate against government effort of ensuring education and health for all. Therefore, even if there is adequate funding efficient use of resources, the issue of usage will still be a problem.

5.2 Prospects

The renewed effort by the federal government toward ensuring sustainable economic growth and development in Nigeria has yielded positive results in some quarters. Issues raised above are also being addressed. Some states in Nigeria have adopted a more stringent measure at ensuring compliance with the law of universal basic education. To this effect child labour and street trading have been outlawed in some states. There is a number of laws to check corrupt practices in the country. Examples are the Economic and Financial Crimes Commission (EFCC). This will go a long way in ensuring the efficient use of public funds.

5.3 Concluding Remarks

The Nigeria Vision 20:2020 is a departure from previous plans which suffer lack of continuation ones there is a change of government. Consequently, a new law- the Project Implementation Continuity Act has been proposed. This will ensure that all projects started must be completed before new ones are initiated. In view of this all the projects that have started with respect to the set targets in human capital development in Nigeria will be completed. This will go a long way in ensuring that the required level of human capital that will engender sustainable economic growth and development are established.

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