

ECONOMICS AND DEVELOPMENT IN TERTIARY INSTITUTIONS IN DELTA STATE

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Abstract

For several decades, donor institutions have placed great emphasis on primary and more recently, secondary education in their development assistance to Sub-Sahara Africa. They have however neglected tertiary education as an added means to improve economic growth and mitigate poverty. This paper challenges beliefs in the international development community that tertiary education has little role in promoting poverty alleviation. It discusses evidence about the impact tertiary education can have on economic growth and poverty reduction, especially in the countries of Sub-Sahara Africa. Enrollment rates for higher education in Sub-Saharan Africa are by far the lowest in the world. Currently, the gross enrollment ratio in the region stands at only 5 percent. Because of a belief that primary and secondary schooling are more important than tertiary education for poverty reduction, the international development community has encouraged African governments' relative neglect of higher education. For example, from 1985 to 1989, 17 percent of the World Bank's worldwide education sector spending was on higher education. But from 1995 to 1999, the proportion allotted to higher education declined to just 7 percent. Many African countries struggle to maintain even low enrollment levels, and the academic research output in the region is among the world's lowest. Recent evidence suggests, however, that higher education can produce both public and private benefits. The private benefits for individuals are well established and include better employment prospects, higher salaries, and a greater ability to save and invest. These benefits may result in better health and improved quality of life.

Education is widely accepted as a leading instrument for promoting economic growth. For Africa where growth is essential if the continent is to climb out of poverty, education is particularly important.

For several decades, development agencies have placed great emphasis on primary and, more recently, secondary education, but they have neglected tertiary education as a means to improve economic growth and mitigate poverty. The Dakar summit on “Education for All” in 2000, for example, advocated only for primary education as a driver of broad social welfare. It left tertiary education in the background.

Part of the reason for the inattention to higher education within development initiatives lies in the shortage of empirical evidence that it affects economic growth and poverty reduction. After World War II, several economists including Milton Friedman, Gary Becker, and Jacob Mincer, developed the “human capital” theory to examine the benefits of education for individuals and society. Friedman and his wife Rose originally suggested that there was no evidence that “higher education yields ‘social benefits’ over and above the benefits that accrue to the students themselves”. On the contrary, they hypothesized that higher education may promote “social unrest and political instability” according to JBG Tilak (2003).

In contrast to this early view, as recorded by De Bloom, M Harley, and H. Rosovsky (2006) suggest that higher education is a determinant as well as can produce public and private benefits. Higher education may create greater tax revenue, increase savings and investment and lead to a more entrepreneurial and civic society. It can also improve a nation’s health, contribute to reduced population growth, improve technology, and strengthen governance. With regard to the benefits of higher education for a country’s economy, Milton and Rose (1980) attribute India’s leap onto the world economic stage as stemming from its decades-long successful efforts to provide high-quality, technically oriented tertiary education to a significant number of its citizens.

The State of Higher Education in Africa

Basic Facts

Enrollment rates in higher education in Sub-Sahara Africa are by far the lowest in the world. The Task Force on Higher Education and Society “TFHE” (2000) pointed out that although the gross enrollment ratio has increased in the past 40 years, it was just 1 percent in 1965, it still stands at only 5 percent. Enrollment rate growth has been slow in Sub-Sahara Africa, and the absolute gap by which it lags behind other regions has increased rapidly. The region’s present enrollment ratio is in the same range as that of other developing regions 40 years ago. Moreover, gender disparities have traditionally been wide and has remained so.

Higher Education and the Law

Prevailing legislation often hampers efforts to increase higher education enrollment and improve teaching quality in Africa. In some countries, highly centralized

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policy making on higher education restricts the autonomy of universities and politicizes them according to Government of Mozambique thus subverting the learning experience in response to political objectives. Policy centralization also makes it difficult for universities to be responsive to changes in knowledge, the labour market, and economic development. In other countries, meanwhile, a lack of centralization and system oversight allows fly-by-night private operations to fleece students or provide them a low-quality education at a high cost, a minimal return on their investment.

Benin, Cameroon, Madagascar, and Tanzania, are examples of countries where governments supervise many aspects of universities' operations. In Benin and Tanzania, the government appoints senior university managers. In Cameroon, the Minister of Education retains supervisory authority over universities. The Ministry of Education in Madagascar appoints all faculty members, sets salaries, and determines working conditions, which links faculty members closely to the political system.

Not all countries have stifling laws. Angolan law allows universities full autonomy in decision-making and the state encourages the establishment of private higher education institutions. In Guinea, Nigeria and Liberia, public institutions have considerable legal autonomy, and a law passed in The Republic of Congo in 1990 allowed the private sector to provide tertiary schooling for the first time. As the government of South Africa has found, however, this can have negative effects as well, as some private higher education institutions offer low-quality education despite their high cost according to government of Malawi.

In sum, legal environments for higher education in Africa vary widely. Some countries keep public universities under the wing of government. Others grant them freedom to manage their own operations. Still others allow private universities to be established. In many countries, there are no laws governing higher education, a reflection of the tendency in much of the region to neglect the issue in policy making.

Poverty Reduction Strategy and Higher Education

The World Bank's lack of emphasis on tertiary schooling has resulted in the absence from the poverty Reduction Strategy Papers (PRSPs) of all but a few African countries. Except for larger projects in Ethiopia, Ghana, Mauritania, and Mozambique, only about twenty countries mention tertiary schooling in their PRSPs. In most of these, it is only a small element of the development strategy.

PRSPs prioritize measures to improve countries' economic situations. They are country-led documents drawn up by national governments, often with the guidance and support of the World Bank, the International Monetary Fund, and external development partners.

PRSPs are updated every three years to look anew at ways to encourage broad-based growth and ease poverty, Inter Academy Council (2004). They serve as a country's road map for addressing the first Millennium Development Goal of reducing

Pristine: ISSN: 2250 – 9593

extreme poverty. Many countries are required to complete PRSPs to gain access to the Higher-Indebted Poor Countries (HIPC) debt relief.

A Global Shift

The above proposals show the beginning of a shift in the international policy community's attitude toward higher education. In recent years, key organizations such as the World Bank and major donor governments have begun to appreciate the importance of tertiary schooling for economic development. Donors have come to accept that in a multi-pronged development strategy, all levels of education are important.

According to World Bank Report 1999, the World Bank published *knowledge for Development*, a report that looked at how developing countries could use knowledge to narrow the income gap with rich world economies. It showed a correlation between education in mathematics, science, and engineering and improved economic performance. It also showed that the private rate of return to tertiary education at 20 percent, was similar to that for secondary schooling. The report recommended that developing countries train teachers using distance learning and create open universities that use satellites and the Internet to deliver courses.

Along with UNESCO (1999), the World Bank then convened a Task Force on Higher Education and Society, which brought together experts from thirteen countries to explore the future of tertiary education in developing countries. The Task Force Report (2002), *Higher Education in Developing Countries: Peril and Promise*, argued that higher education is essential to developing countries if they are to prosper in a world economy where knowledge has become a vital area of advantage. "The quality of knowledge generated within higher education institutions and its availability to the wider economy," the report stressed, "is becoming increasingly critical to national competitiveness".

A subsequent World Bank report, *Constructing Knowledge Societies: New Challenges for Tertiary Education (2002)*, generated further momentum for higher education. This work stressed the role of tertiary schooling in building technical and professional capacity and bolstering primary and secondary education. Although the report maintained the Bank's emphasis on primary and secondary schooling – it stated that higher education should receive no more than 20 percent of a country's total education budget. It also argued that the state should create enabling frameworks to encourage tertiary education institutions. Countries, it suggested, should not focus only on rate of return analysis, but also take account of the "major external benefits" of higher education.

The Conceptual Links from Higher Education to Economic Growth

Signs of progress for higher education are appearing in Sub-Sahara Africa. The international development community has begun to recognize the importance of

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advanced schooling, while some African countries have introduced innovative policies to strengthen tertiary education systems. This progress is small in comparison with the progress of other world regions perhaps, partly as a result of insufficient understanding of the positive effects that higher education can have on economic development. Higher education can lead to economic growth through both private and public channels. The private benefits for individuals are well established and include better employment prospects, higher salaries, and a greater ability to save and invest. These benefits may result in better health and improved quality of life thus, setting off a virtuous spiral in which life expectancy improvements enable individuals to work more productively over a longer time further boosting lifetime earnings.

Public benefits are less widely recognized which explains why many governments' neglect of tertiary schooling as a vehicle for public investment. But individual gains can also benefit society as a whole. Higher earnings for well-educated individuals raise tax revenues for governments and ease demands on state finances. They also translate into greater consumption, which benefits producers from all educational backgrounds.

In a knowledge economy, tertiary education can help economies keep up catch up with more technologically advanced societies. Higher education graduates are likely to be more aware of and better able to use new technologies. They are also more likely to develop new tools and skills themselves. Their knowledge can also improve the skills and understanding of non-graduate co-workers, while the greater confidence and know-how inculcated by advanced schooling may generate entrepreneurship with positive effects on job creation.

Tertiary schooling can also have less direct benefits for economies. By producing well-trained teachers, it can enhance the quality of primary and secondary education systems and give secondary graduates greater opportunities for economic advancement. By training physicians and other health workers, it can improve a society's health, raising productivity at work, and by nurturing governance and leadership skills, it can provide countries with the talented individuals needed to establish a policy environment favourable to growth. Setting up robust and fair legal and political institutions and making them a part of a country's fabric, and developing a culture of job and business creations, for example, call for advanced knowledge and decision-making skills. Addressing environmental problems and improving security against internal and external threats also place a premium on the skills that advanced education is best placed to deliver.

The Supporting Evidence

Conventional rate of return shows higher education in a less favourable light than it shows primary and secondary schooling. Psacharopoulos and Patrinos when

reviewed 98 country studies from 1960-1997 and found that the typical estimates of the rate of return from primary schooling were substantially higher than those for advanced schooling. The average public rate of return for the former was 18.9 percent, while for tertiary education it was just 10.8 percent. Such studies have had a major influence on international development policy.

Conclusion

Past studies linking education to economic growth have focused predominantly on the effects of primary and secondary education. The study examines the impact of tertiary education on economic growth. The analysis suggests that increasing tertiary education may be important in promoting faster technological catch-up and improving a country's ability to maximize its economic output. The results show that Sub-Sahara Africa's current production level is about 23 percent below its production possibility frontier. The analysis indicates that, given this shortfall, increasing the stock of tertiary education by one year would shift out Africa's production possibility frontier and increase the rate of convergence to that frontier, resulting in a 0.63 percentage point boost to income growth in the first year and an income gain of roughly 3-percent after five years.

Recommendations

Many avenues for further research are evident. If new research points to specific actions that African governments can take to strengthen the ability of higher education to enhance economic growth, Africa may benefit substantially. Among the directions include the following:

- **The cost of expanding higher education:** South Africa has the highest tertiary education enrollment rate in Sub-Sahara Africa. If all other barriers could be overcome, what would it cost to bring the rest of Africa up to this level.
- **Curricular reform:** Few development strategies mention curricular reform as a necessary area of improvement for increased competitiveness within the globalizing economy. Research on existing curricula and their suitability for serving Africa's needs may shed light on new and useful directions that curricula could take.
- **Evaluation of data quality:** To the extent that data on current practices guide the reinvigoration of higher education in Africa and affect the analysis of higher education and economic growth, it is important to know how accurate such data are. Recent work on the reliability of data on primary and secondary education shows that the data sources show severe internal and inter-dataset inconsistencies. This may well be true for higher education; if so, analyses need to take this fact into account. Researchers could try to verify the accuracy of existing cross-country datasets by comparing them with individual country data emerging from household surveys.

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- **Balance among levels of education:** As the World Bank moves toward greater inclusion of higher education in its funding priorities, the question of how to balance funding for different levels of education arises. Research could analyse the effects not only of higher education on economic growth but also, for example, of higher and secondary education taken together. More broadly, studies could seek to determine the best of mix of primary, secondary, and higher education according to the circumstances of different developing countries.
- **Focusing on data from developing countries:** Much of the cross-country work on higher education looks at all countries for which there are data. Obviously, developing countries face extremely different challenges than developed ones.

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Pristine: ISSN: 2250 – 9593

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