



*Promoting friendship & understanding
through financial support for Nigerian education*

The Britain-Nigeria Educational Trust

(formerly The Alhaji Sir Abubakar Tafawa Balewa Memorial Trust)

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CONFIDENTIAL

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□ Education Update

➤ Education Trust Fund

It has been reported that the education sector, which suffers from inadequate funding at all levels, has not utilised the sum of N22.6 billion allocated by the Education Trust Fund covering the period 2000-2007. It was to be made available to polytechnics, State Ministries of Education and the Universal Basic Education Boards. This is now the subject of an investigation by a committee from the House of Representatives.

This Day, commenting on this disclosure, said “One of the conditions for accessing the funds, disbursed in tranches, is the satisfactory retirement of previous allocations”.

Lists of the beneficiaries, which are being made public by the ETF, included 25 Federal and State universities, 24 Federal and State polytechnics, 14 Federal and State colleges of education, 11 monotechnics, 17 State ministries of education and 21 state universal basic education boards. Top on the list of the universities which have a total of N6,343,000,000 yet to be accessed, is the Federal University of Petroleum Resources, Effurun, Delta State, that has N552 million; followed by Universities of Port Harcourt and Abuja with N302.3 million and N278.7 million unclaimed respectively.

Yaba College of Technology topped the polytechnics list with N178.3 million, while Institute of Management and Technology, Enugu, came second with N151.6 million; and Federal Polytechnic, Ede, third on the list with N133.6 million, out of a total of N2,884,030, 919 unclaimed by the sector.

Colleges of Education have a total of N1,272,738,750 yet unclaimed. Top on the list are Anambra State College of Education, Nsugbe; Adeniran Ogunsanya College of Education, Ijanikin, and Kano State College of Education, Kumbotso, with N97.7 million, N96.8 million and N96.7 million respectively, lying at the ETF.

In the monotechnics category, Nigerian Maritime Academy, Oron, is yet to access the sum of N43.9 million, followed by Anambra College of Agriculture, Mgbakwu (N42.3 million) and School of Agriculture, Ikorodu (N38.9 million), out of a total of N368,530,000.

Heading the list of 17 states yet to access a total of N2,876,367,089, meant to fund their senior secondary education, are Plateau, Imo and Ondo, with the sums of N205.8 million, N205.8 million and N202.4 million respectively.

The 21 States Universal Basic Education Boards, which are in charge of basic education (primary and junior secondary) recorded the largest sum of N8,898,050, 236 and the most guilty of them are Oyo, Rivers and Benue in that order. Their money with the ETF is N588.2 million, N565.4 million and N556.2 million, respectively. Executive Secretary of the Fund, Professor Yakubu told *This Day* yesterday as “ETF is not a banker and we are not happy with this huge backlog of funds. We have, therefore, sought and got the Federal Government’s approval to take the following steps: “All beneficiaries are expected to submit comprehensive proposals for accessing funds allocated to them to reach the ETF for consideration and approval by the end of April.

“They must also begin to access the funds by the first week of July 2009, failing which they will forfeit the allocation for this year. “All unaccessed funds will be mopped up by December 31 and ploughed back into the 2010 intervention budget for the benefit of more proactive beneficiaries”.

➤ **National Council on Education**

In its report on the meeting of the National Council on Education, which was addressed by the Federal Minister for Education, Dr Sam Egwu, the Guardian reported that:

“An ambitious comprehensive roadmap for the Nigerian education sector was last week tabled before delegates at the extra-ordinary meeting of the National Council on Education (NCE) held in Abuja by Education Minister, Dr Sam Egwu. The 150-page document was a fulfilment of the promise made by the Minister a few months ago that he would, within reasonable period, come out with a document that would point the way forward for the education sector.

Explaining the rationale behind the document, Egwu stated that the need to clearly articulate targets, against which outcomes for states and agencies could be monitored, evaluated and compared, informed his resolve to put the document together. The Minister admitted to accomplish the goals in the document, a greater collaboration among Federal, States and local education authorities was paramount. He also underscored the need for a clearly articulated accountability system through which states and agencies, which meet their targets, could be identified and commended.

His words: “the process of developing the roadmap began, with a comprehensive review of previous efforts undertaken by past administrations. The intention was to build on the achievements already in place, instead of duplicating efforts, which also avoiding the pitfalls and mistakes of the past.

Through a careful appraisal, it became clear that the major problem that has hindered progress in the education sector is not lack of good ideas, but lack of a focused, practical and actionable implementation effort. This problem of lack of sustainable improvement can also be traced to a lack of political will to carry out the needed reforms, as well as inadequate funding to support such reforms.”

On the level of inputs, Egwu noted that the document had been distributed to all directorate-level officers of the FME, head of parastatals and principals of Federal unity schools at a retreat in Abuja. “It will please you that useful points were made by this group which have been incorporated.”

The cornerstone of the document is its implementation strategy, Egwu assured. “The strategy is to use a representative sample of schools and institutions across the country as demonstration projects that will benefit from an intensive and focused implementation of the turn-around strategies. This is based on the theory that what works in representative samples will work in other similar schools and institutions across the country.”

In the document, the overview of the education sector was focused along four priority areas; access and equity; standards and quality assurance; technical, vocational education and training; funding resource mobilisation and utilisation. Under the first theme the challenges posed by out-of-school children, lack of essential infrastructure, gender disparity, and poverty were considered.

Under the second theme, factors considered include – infrastructure needs, teacher development, motivation and communication technology. With regard to technical, vocational education and training, the dearth of qualified teaching staff, low societal estimation of vocational education and inadequate number of technical and vocational colleges were considered. And under funding and resource utilisation, factors examined include; budgetary allocation, inadequate funding of schools, poor management and utilisation of funds were undertaken.

Specifically, the document established that wide disparities in enrolment still exist. It stated that in early childhood care and development centres (ECCDE) only two million children fund their way there, with a whopping 20 million others in the lurch. Under primary education, the document noted that while 24 million children were already enrolled, 11 million others were not. In junior secondary schools, six million are in school. Under the nomadic education school, according to the document, over three million nomadic children are still out of school.

In view of the wide disparities between expected and actual enrolments, the document listed three turnaround strategies. The first is the unleashing of a national campaign on access. This is intended to create national awareness, with the timeline fixed for between May and September. The second is “sensitisation, advocacy, and mobilisation in support of enrolment and funding including using such initiatives as READ Campaign,” The last is a review of the Universal Basic Education Act, to enforce provisions on compulsory enrolment and retention. The timeline is 2011, and the target is to have 3.1 more children in ECCDE’s based on an estimated 54% enrolment this year at 3.67% growth rate and 27.9 million children in primary schools, from a projected 92% enrolment this year, at 1% growth rate.

With regard to nomadic education, the plan is to have 1.379 million nomadic children enrolled this year, based on an anticipated 30% increase, and a projected growth rate of 2.32%. For mass literacy, an increase of 50% in enrolment is anticipated, but, curiously, there is no mention of what the role of the National Mass Literacy and Non Formal Education Commission will be.

On the challenge of inadequate and inaccurate infrastructure, the plan is to restructure and decentralise school census to make it state driven, to be jointly co-ordinated by both the Federal and State ministries of education. This is projected to take place within six to 12 months. On poverty, the strategy is to promote state-driven incentives and mid day meals among others, the aim of which is to achieve increased enrolment and improved health and nutrition of pupils.

On infrastructure, about 4,000 classrooms are to be provided per annum for the pre education sub sector, while 22,000 classrooms per annum would also be provided at the primary school level over the next two years. At the junior secondary school level, some 160 classrooms will be provided, while 714 classrooms are anticipated for nomadic education also within the next two years.

Interestingly, the document showed some concern about the distance pupils have to cover to get to schools. It stated that the establishment of neighbourhood and open schools will be encouraged, and that schools would be established within three to four kilometres radius of pupil’s homes.

Concerning the teacher factor, the plan is to recruit teachers for colleges of education from the pool of secondary school leavers, through recruitment campaigns that would depict teaching as an honourable profession. Incentive structures to motivate teachers and attract the high quality students to take up teaching are to be established. For this aspect, the timeline is between 2010 and 2011, and the anticipated achievements include the attainment of 124,696 care-givers for ECCDE by 2010, 797,166 teachers for primary schools also by 2010 and 110,177 teachers for the JSS segment.

But where is the funding for all these ambitious plans to come from? The document relies heavily on the Federal budget for 2009, 2010 and 2011 and this is where the problem lies. How much really is needed and what will the budget for each of the year’s ahead look like? What will be the contributions of the States? It was also not stated whether there are adequate experts in the Federal Ministry of Education to implement the plans step by step, especially those that need professional handling. Then the big question: what if, by 2011, Egwu is no more Education Minister? Will the FME continue with the plan nevertheless? No one at the FME has the answers, at least for now.”

➤ **Universal Basic Education Commission (UBEC)**

The Economic Financial Crimes Commission has charged, at the Federal High Court in Abuja, three directors of the Commission and a foreigner, Alexander Cozma, on a 26 count of offences involving the sum of N850 million. It is alleged that Michael Aule, Deputy Director Planning UBEC, Mr Andrew Ekpanobi, Procurement officer for UBEC and Professor Bridget Sokan the Deputy Executive Secretary of the Commission conspired with Mr Cozma to defraud the Federal Government, by the awarding of two contracts to Mr Cozma representing Intermarkets USA LLC. All four have been remanded into the custody of the EFCC pending further court appearances.

➤ **Special Needs Children**

A report in *The Guardian* on 12th June said “About 44 providers of education for children with special needs from 17 states of the Federation were on 9.6.09 handed letters of disbursement for N211 million being the 2007 FGN UBE fund for the support of the physically challenged children. At an event chaired

by the Minister of State for Education, Hadiya Dukku, beneficiaries received the maximum of N6 million and the minimum N4 million each to provide quality education to the children.

To select beneficiaries for the 2007 fund, the team visited 64 schools in 17 states and the FCT and identified 44 organisations, schools and centres that possessed the minimum criteria for the government's support.

➤ **Nigerian Undergraduates seek University Education Overseas**

It has become apparent that, due to the poor standard and problems associated with universities in Nigeria, increasing numbers of Nigerian students are seeking to study overseas. The favourite destinations are the UK and the USA but there is evidence of Nigerians studying in other countries including South Africa, India, Malaysia and more recently, Ghana.

As an example, student visas totalling 7,000 were granted to Nigerians seeking to study in the UK in 2006 whilst this increased to over 8,000 in 2008. According to press reports, the British High Commission has said that there are currently over 12,000 Nigerian students studying in the UK at present. According to the Economic Intelligent Unit the number of Nigerian students in the UK will double by 2015.

➤ **University Strike**

On 22nd June, the academic staff union of universities ordered its members in both Federal and State universities nation-wide to immediately proceed on indefinite strike action over the Federal Government refusal to sign the agreement it reached with the Union some two and a half years ago, according to a report in *This Day*. The agreement, according to the Union, centred on four main issues, namely adequate budgetary provision for education, improved conditions of service that would check the brain drain, university autonomy and academic freedom.

□ **ECONOMY**

➤ **Nigerian Stock Exchange**

The last quarter has seen a dramatic surge in share prices since the bull run ended in April when the All Share Index fell to 19,836 points, a fall of over 70% compared to its peak of 66,371 points in 2008.

Since then the market started a strong bull run as the price of shares rocketed and by mid May the All Share Index rose by nearly 50% to stand at 29,716.52 points, close to recovering the losses incurred during the first quarter. The strongest share movements were in the banking sector, food and beverages, oil, breweries and insurance.

However, since then the market has fallen back and by the end of the first week of June the All Share Index had fallen to 28,168.89 points as profit taking widely occurred.

➤ **Oil and Gas**

Nigerian oil exports have been badly affected by the ongoing militant activities in the Niger Delta (see below) and out of a production capacity of 3.2 million barrels of oil per day and the agreement with OPEC to only produce 1.67 bpd, production in the first quarter of 2009 was only 1.6 million bpd according to the Department of Petroleum Resources. In May production rose slightly to 1.74million bpd, in excess of its OPEC quota – a breach currently being done by other OPEC member countries. At the same time has come another announcement from the Department of Petroleum Resources that due to the reclassification of the assets of Shell, that Nigerian reserves could have fallen from the generally accepted level of 40 billion barrels to possibly as low as 32 million. However new offshore oil blocks are currently being auctioned to overseas investors, suggesting that the latter figure will prove to be an underestimation as further oil fields are developed.

It has been estimated that in 2008 Nigeria lost over US\$24 billion in lost revenue due to militant attacks and this year the figure has been estimated at possibly a further US\$20 billion. However it is not all bad news because as members will know, the price of petrol is rising again. The Nigerian budget for 2009 set a benchmark price of US\$45 per barrel while by the end of May the steady rise in the world price of oil peaked at US\$73. Since then it has fallen slightly and currently stands at US\$70 although with the drop in production it is estimated that Nigeria will have completed less than 70% of its 2009 budget projects. The International Energy Agency has estimated that global demand for oil will fall by 2.5 million bpd and demand for the year has been estimated at 83.5 billion bpd – a fall of nearly 3% on 2008. Oil prices have

risen by some 60% this year from the low of US\$32 in February. In the short-term oil analysts see the price stabilising between US\$75 and US\$80.

Within Nigeria itself petrol shortages reoccurred in April and May due to the non payment of fuel subsidies by the Federal Government to the oil marketers and the action by the Lagos State Government to inspect all tankers and lorries entering the state which led to the impounding of over 25 tankers leading to strike action by the Petrol Drivers Association. The latter situation was stopped after the Petroleum Drivers Association agreed to pay N2.7 million in fines while at the end of May NNPC itself imported 35 cargoes of petrol to alleviate the shortages. As may be expected the domestic price of petrol rose to nearly N100 per litre compared to the official price of N65. At the end of May agreement was reached for the Federal Government to pay subsidy arrears of US\$1 billion dating back to February and by early June there were 35 ships carrying 1.4 billion litres of petrol waiting to discharge their cargoes at ports throughout the country for onward transportation by over 1000 tankers to petrol stations in Nigeria. Since then the Federal Government, which is determined to continue with its policy of deregulation of the oil industry, has said that it will issue import licences to any "competent" Nigerian company in an effort to brake the stranglehold of the existing oil market cartel. Normal petrol supplies are expected to occur by the end of June.

Due to militant activities and the attacks on oil facilities and pipelines Shell, Chevron and Total all had to invoke force majeure on oil production in the Niger Delta. This has finally led to an investigation by the House of Representatives which has empowered a committee on the Niger Delta to meet with over 500 militant groups out of an estimated 1,000 such groups and the committee will spend nearly one month in the area for its investigation which will include meetings with the Niger Delta Development Commission, various multinational companies as well as looking at poverty levels and the application of ecological laws.

As far as gas is concerned, the USA has recently estimated that Nigeria has proven reserves of 600 trillion cubic feet, making it the world's seventh largest producer but this is 120 trillion less than Nigeria's own estimate which would make it the world's fourth largest producer.

Gas supplies have also been affected by militants with Shell's gas power station having been closed since last November due to damage to pipelines there. However, the Government has insisted that despite the problems, that the West Africa Gas Pipeline will commence production in 2010. In the meantime there is a genuine concern that due to the problems in the Niger Delta and the consequent interruption to gas supplies that they may have a detrimental effect on the Government's plan for the power sector and the aim to supply 6,000 megawatts by the end of the year. The Power Holding Company of Nigeria has said that in order to achieve the target it will need 1617 billion cubic feet per day compared to the current level of 490 billion

➤ **Central Bank of Nigeria**

President Yar'Adua has appointed Sanusi Lamido Sanusi, formerly Managing Director and Chief Executive Officer of First Bank of Nigeria Plc as the new Governor of the Central Bank in succession to Professor Charles Soloda whose term of office expired at the end of May. His appointment was almost immediately confirmed by the Senate.

At his Senate hearings he identified the CBN's priorities as to reopen the interbank market (which was closed in February), to go back to the wholesale foreign exchange auctions and to reverse the current temporary measure currently in force which he expects to occur within the next three months. He predicted that Nigeria's economy will grow by 4% this year and that he expected to achieve convergence with the official Naira exchange rate and that in the parallel market. His appointment has been warmly approved both within Nigeria and internationally.

➤ **Foreign Exchange Rates**

On 2nd June the CBN sold foreign exchange at a rate of N149 = \$1 whilst in the parallel market the rate was US\$1 = N177. At the same time the Central Bank announced that inflation in April had failed from 14% to 13.1%.

➤ **Foreign Exchange Reserves**

The latest figure available in March 2009 when reserves stood at US\$48.89, a fall of some US\$20 billion from its peak last year. Included in this figure is the Excess Crude Account, which in December 2008 stood at US\$21 billion. However from this should be deducted US\$5.3 billion, which has already been allocated,

for power projects and there have been monthly disbursements of US\$1.5 billion so far this year to supplement the budgets of both the Federal and State Governments. Best estimates suggest that the balance of the Excess Crude Account is currently about US\$11 billion which has led to the Minister of Finance, Dr Mansur Muhtar to say that the account may be fully utilised by the end of 2010.

➤ **Economic and Financial Commission**

According to the Chairman of the Commission, Mrs Farima Waziri, over the last ten years, Nigeria has lost nearly N300 billion to corruption from former state governors, ministers and certain members of the National assembly. Mrs Waziri herself has been under something of a cloud recently in response to allegations of delays in bringing prosecutions to court.

However a review of the EFCC's actions over the last three months clearly refutes such accusations as in April charges were brought against the Executive Chairman and six commissioners of the Nigeria Electricity Regulatory Commission in connection with alleged fraud in misappropriating N1.54 billion in 2008. In the same month Olusegun Agagu the former Governor of Ondo State was arrested over an alleged misappropriation of N25 billion allocated to the Ondo State Oil Producing Areas Development Commission.

In May details of an alleged bribery case involving Halliburton of the USA and the sum of US\$180 million in connection with the award of oil and gas contracts awarded by NNPC came to light. The US\$180 million is understood to be held in a bank account in Switzerland whose authorities are prepared to return the funds to Nigeria. Also involved in the scandal is an UK citizen Jeffrey Tessler who is currently involved in fighting extradition proceedings brought by the authorities in the USA. The whole scandal is the subject of an investigation by a high powered committee in Nigeria which includes representatives by the State Security Service, the EFCC and the Inspector General of the Police. In an article about the matter *The Times* reported "A Swiss court has ordered details of bank accounts to be handed over to British authorities in connection with the allegation that Mr Tessler was paid US\$6 million to use his influence in securing a US\$6 billion contract.

Meanwhile, in June, apart from the alleged misappropriation of N850 million involving the Universal Basic Education Commissioner, charges were brought against the Chairman of the House of Representatives Committee on Power and eight other officials concerning the misuse of N6.2 billion.

➤ **Nigerian Railways**

As mentioned in the last Digest, Nigeria has awarded an \$8.3 billion contract to China for the rehabilitation and upgrade of the railway line between Lagos and Kano. Under the original terms of the contract the Chinese would have made available a soft loan of US\$2.5 billion but it has since emerged that China is only prepared to provide a loan of US\$0.5 billion with Chinese banks to negotiate over the provision of loans of US\$2 billion. This has placed Nigeria in a difficult situation, as there is a US\$1.4 million break clause in the contract.

In the meantime a contract, linking Ajaokuta to the port at Warri which is considered vital for the future of the steel plant, has been awarded to Julius Berger.

On 17th June the Federal Government announced its decision to grant concessions to the private sector as well as permitting other companies to build their own railway lines on pre designated routes. In support of this the Federal Executive Council has authorised the immediate purchase of 25 diesel locomotives at a cost of US\$76.2 million in preparation for the deregulation of the sector which will be the subject of an amendment to the Nigeria Railway Act to be presented to and approved by the National Assembly.

➤ **The Niger Delta and Security**

Over the last quarter militant activities in the Niger Delta have increased dramatically forcing the Joint Task Force to take a more proactive role in an endeavour to curb the activities and bring peace to the region. Armed attacks on oil installations, pipelines and tankers continue almost on a daily basis while kidnappings have become an almost inevitable activity. It has been estimated over the last three years some 298 people have been kidnapped and held for ransom which has led to President Yar'Adua to announce the creation of a special anti-kidnapping squad to try to deal with the matter.

In response to the militants activities President Yar'Adua has offered an amnesty to those who are prepared to give up their arms and cease their attacks. One of the principal militants, Ateke Tom the leader of the Movement for the Emancipation of the Niger Delta has indicated that in principle he is willing to accept the offer subject to the specific terms of the amnesty being announced. President Yar'Adua was due to discuss the terms of the amnesty with his Security Council on 18 June and details are currently awaited at the time of going to press. However, President Yar'Adua has publicly welcomed Ateke Tom's announcement and said he is prepared to meet him. As an example of the continuing militant activities, there were over 10 militant attacks in the last two weeks of May.

In the latest incidents MEND, on 21 June, attacked three major facilities in River State, two involving pipelines and the other an offshore oil field both of which are controlled by Shell. It is understood that this has led to the loss of an additional 180,000 barrels of oil per day. MEND also attacked a major pipeline used by the Italian oil company, AGIP.

On the same day the Presidential Panel on Amnesty and disarmament of militants in the Niger Delta had proposed an N\$50 billion amnesty package. N402 million of this would be used immediately to launch the scheme and to qualify militants would be granted 60 days to lay down their arms and renounce militancy. On the 25th June President Yar'Adua announced the terms of the amnesty which will expire on 4th October.

➤ **Lagos Pipeline Explosion**

Over 25 people were killed following an explosion at an oil pipeline in Lagos as a result of illegal oil bunkering. According to press reports there were over 25 boats involved in the illegal theft of fuel involving over 7,000 litres and apparently at least 12 of the boats were sunk by the Nigerian Navy. Scores of other people were injured in the incident in an area that has become notorious for petroleum pipeline vandalism.

➤ **Power**

The Government's ambitions to increase power supply from its present level to 6,000 megawatts by the end of the year may yet be thwarted by attacks on gas facilities and pipelines in the Niger Delta. This has forced the government to consider building a coal fired power station to provide 500 megawatts.

US\$5.3 billion has been released from the Excess Crude Account by the Federal Government for power projects and in mid June the 36 States and the Federal Capital Territory agreed to provide counter-party funding. However there is a real problem with the supply of gas to various power stations at present which may yet foil the government targets. In addition Nigeria has reached agreement to a multi-million power deal with the Botswana government which will lead to the supply of four independent turbines able to deliver 150 megawatts each.

□ **IN BRIEF**

➤ **Road Accidents**

According to official statistics, Nigeria has recorded 5,157 deaths from road accidents in the last three years. The total number of accidents for the same period has been put at 18,308 from which 13,251 people were injured. In the first three months of 2009 alone there have been 2,119 accidents from which 301 people died. As the majority of accidents involved tankers it vindicates the new policy of the Lagos State government to inspect all tankers entering the city.

In an attempt to alleviate loss of life and multiple vehicle accidents in the State, the government has banned poorly maintained vehicles especially trucks and petrol tankers from entering the metropolis. In order to do this, officials of the Lagos State Traffic Management Authority will be deployed to the tollgates and other major entrances to the City.

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The content of this publication has been prepared by a Nigeria Correspondent for The Britain-Nigeria Educational Trust and whilst every effort has been made to ensure accuracy of the information, the Trust cannot accept responsibility for any errors or omission. It is recommended Members seek further advice before basing decisions upon the detail given in this Digest