CAPACITY BUILDING AND YOUTH EMPOWERMENT: TOWARDS SELF-RELIANCE AND SUSTAINABLE ECONOMIC GROWTH IN THE 21ST CENTURY

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ABSTRACT

This paper identified government expenditure on health, education and the enrolments at various levels as necessary pre-requisite for achieving self-reliance and economic growth. Secondary data was collected over the period 1985 to 2007 and was subjected to statistical technique using the multiple regression model and the Error Correction Model adopted to ensure spurious result. The variables used were all statistically significant except which stipulate government expenditure on health and primarily school enrolment rate. The study recommended some policy measures such as: the implementation of the NEEDS document as strategized by education and health sector, provision of infrastructural facilities, redesign of educational curriculum to include libraries where youth will be informed rightly and maintenance of good governance, to ensure self reliance and economic growth.

INTRODUCTION

Capacity building otherwise called capacity development is a conceptual approach to development that focuses on understanding the obstacles that inhibit people, government, international organization and non-governmental organizations from realizing their developmental goals while enhancing the abilities that will allow them to achieve measureable and sustainable results.

According to Catholic Relief Services (CRS) (2004) capacity building is an ongoing process through which individuals, groups, organizations and societies enhance their ability to identify and meet developmental challenges. Thus, they base their capacity building activities on three key elements which include:

- Partnership
- Organizational development and

- Civil society strengthening

Ifeoma (2008) observed that the streets are clustered with active but unemployed and irregularly employed youths whose youthful ages could be harnessed into productive use. She is of the view that government parastatals such as smedan and Napep should disengage from loan disbursement and route them through microfinance banks to the active poor whose interest is in empowerment tutelages rather than loan disbursement.

Capacity building or human capital development is a capital intensive project of building a first class infrastructure with the aid of empowering people to create wealth. According to Ogeah (2012), the governor of Delta State Dr. Uduaghan made human capital development a critical part in his three point agenda. In his words, "the Governor knows it is better to teach a man to fish than give him fish".

Human capital is synominous with education, health and other human capacities that can raise productivity and when increased (Todaro and Smith, 2003). Health and Education are two closely related human capital component that work together to ensure productivity and enhance youth empowerment.

The Youths remain one of the greatest assets any community can process. Potentially they form the greatest investments for a society's sustainable development and future hence positive fundamental and meaningful changes are usually engineered, fostered and shaped by the generation of youths in that society. Therefore, any culture or community, whether macro or micro that allows a good percentage of her youths to be misdirected, risks her future viability and survival. This paper therefore intends to examine the role that education and health will play in capacity building and youth empowerment for the achievement of self reliance and sustainable economic growth.

REVIEW OF RELATED LITERATURE

Human capital theory emphasizes that education increases productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability which is a product of innate abilities and investment in human beings (Schultz, 1971). This complements the view of Babalola (2003) that investment in human capital be based on the following arguments.

i)   that the new generation or youths must be given the appropriate parts of the knowledge which has already be accumulated by previous generations.

ii)   that the youths should be taught how existing knowledge should be used to develop new products and

iii) that people must be encouraged to develop entirely new ideas, products and methods through creative approaches

Aigbokhan, Imahe and Ailemen (2007) consider education to be a basic and obvious process by which skills, knowledge and attitudes are acquired for the performance of socio-economic responsibilities, social intergration, improved personal competence and seeking better opportunities. Sanusi (2002) stressed the importance of human capital development for Nigeria, saying that the Nigerian economy has to be efficient and competitive in the new world order in which national frontiers no longer constitute barriers to human material and capital flows. He opined that the greatest challenge to Nigeria in this millennium is the issue of capacity building to enhance productivity in the economy.

The National Economic Empowerment and development strategy (NEEDS) stipulates a goal of increasing government's budgetary allocation to education and health form 8% to 10% between 2004 and 2007. (National Planning Commission 2005) in this document education is considered as an important tool to economic growth. Thus, the strategy aims at the empowerment of the citizenry to acquire skills and knowledge that would prepare them for the world of work. To achieve this objective, NEEDS had to address some crucial issues listed below:

⊚   Faithful implementation of the free, compulsory universal Basic Education Law, among others:

-   Improve education infrastructure

-   Expand institutional capacity to produce quality manpower

-   Expand total school enrolment

⊚   Review of school curricular from primary to tertiary to incorporate vocational and entrepreneurial skills

- Re-tooling and repositioning of technical schools to be able to address the technical manpower needs of the economy

- Establishment of more vocational centers to encourage Nigerians to embrace vocational education

- Review of school curricular at all levels to incorporate the study of information and communication technology (ICT).

- Under the health sector, the strategy of NEEDS to improve the service delivery in the following ways;

- Redefinition of the roles and responsibilities of the federal ministry of Health (FMOH) and other Federal Public Health structures and Institutions in the provision and financing of quality services to Nigerians

- Reorganization and restructuring within the context of the redefined roles and responsibilities

- Review of existing health policies and strategies as well as health legislations culminating in the publication of a new National Health Policy

- Strengthening the capacity of FMOH in policy formulation and implementation

Jhingan (2005) opines that in the wider sense, investment in human capital transcends mere acquisition of intellectual ability through the educational system or the living of a healthier life through adequate healthcare. It seeks to improve the productivity of the individual and make him more useful to the society. The importance of investing in education and health for the attainment of sustainable growth has been stressed in Nigeria since the early sixties following the submission of the Ashby report in September, 1960.

Ahiante (2008) opined that National Economic Empowerment Development Strategy (NEEDS 2) framework was developed at the end of the Olusegun Obasanjo's administration and planned as a review of NEEDS 1, as a medium term strategy for the period 2003-2007 with the aim of meeting the country's long term goals of poverty eradication, wealth creation, employment generation and value reorientation.

THEORETICAL FRAMEWORK AND MODEL SPECIFICATION

To access the impact of capacity building and youth empowerment on the realization of self-reliance and economic growth, the study develops a multiple regression model which states categorically that Gross domestic product as a proxy for economic growth depends on the following variables. Thus; Government Expenditure on Health (EOH), Government Expenditure on Education (EOE), Primary School Enrolment Rate (PSE), Secondary School Enrolment Rate (SSE) (SSE) and Tertiary Institution Enrolment rate (TIE). Hence, develop a model which states that: GDP = f (EOH, EOE, PSE, SSE, TIE).

Government's expenditure on health and education and the enrolments into the three levels of education stand proxy for capacity building and youth empowerment because investment in health and education are major concepts of capacity building.

Thus: $GDP = a_o + a_1 EOH + a_2 EOE + a_3 PSE + a_4 SSE + q_5 TIE + u$

Where a_o = Intercept of the equation

$a_1 EOH$ = Parameter estimate with the corresponding regresssor of

Government expenditure on health

$a_2 EOE$ = Parameter estimate with the corresponding regressor of

Government expenditure on education

$a_3 PSE$ = Parameter estimate with the corresponding regressor of Primary

School Enrolment rate

$a_4 SSE$ = Parameter estimate with the corresponding regressor of secondary

school enrolment rate

$q_5 TIE$ = Parameter estimate with the corresponding regressor of Tertiary

Institutions enrolment rate

U = stochastic error term

The apriori criteria refer to the sign and size of the parameters and the economic relationships between the variables. For this multiple regression model, we express the

apriori conditions as follows: $a_1 > o; a_2 > o; a_3 > o; a_4 > o; a_5 > o$. Thus, positive signs are expected from the coefficients of the relationships between GDP and all the variables.

METHOD OF ESTIMATION

This study therefore states the hypothesis that capacity building and youth empowerment have significant positive impact on economic growth in Nigeria. Hence some tests are conducted to prove the viability of the hypothesis and allowance for the dynamic relationship of the regression problems.

DATA PRESENTATION

Table 1:

Year	GDP	EOH	EOE	PSE	SSE	TIE
1985	51653.4	286.0	1135.1	14.29	2.50	0.13
1986	56312.9	279.6	967.4	14.68	3.23	0.15
1987	62474.2	190.2	861.2	14.39	3.47	0.17
1988	70633.2	223.9	850.2	13.03	2.99	0.19
1989	71859.0	360.4	1094.8	12.91	3.09	0.20
1990	106183.0	236.4	653.5	11.54	2.93	0.21
1991	142618.0	443.2	1084.1	12.69	2.94	0.23
1992	220200.0	452.6	1941.8	12.72	2.73	0.24
1993	271908.0	685.1	2294.6	13.60	2.95	0.31
1994	316670.0	757.0	1554.2	13.78	3.12	0.27
1995	536305.1	1025.4	2060.4	14.81	3.60	N/A
1996	688136.6	2684.5	7999.1	15.91	4.15	0.38
1997	904004.7	3027.8	10283.8	16.83	4.50	N/A
1998	198831.0	5060.9	12728.7	17.99	5.08	0.39
1999	2703809.0	4851.5	15351.8	19.79	5.39	0.69
2000	2801972.6	5822.2	15944.0	20.39	5.58	0.86
2001	272118.4	11984.3	26721.3	22.47	5.80	0.94
2002	3313563.1	16180.0	31563.8	23.71	6.06	0.98
2003	4727522.6	18181.8	67568.1	24.90	6.36	1.03
2004	5374334.8	44651.5	59744.6	27.38	7.00	1.14
2005	6232243.6	63171.2	109455.2	29.58	7.49	1.23
2006	6061700.0	39685.5	79436.1	26.92	7.09	1.27
2007	11411066.9	59787.4	93767.9	28.14	6.75	0.42

Sources: CBN statistical bulletin, 2007, CBN Annual Reports and Statement of Accounts (Several years), F.M.E Statistics of Education (various editions), FOS Annual Abstracts of Statistics (various issues)

Table 2: Unit root analysis

Variable	ADF Test statistical value	Mackinnon critical value at 1%	Mackinnon critical value at 5%
GDP	4.31173	-3.7497	-2.9969
EOH	0.75219	-3.7497	-2.9969
EOE	0.23814	-3.7667	-3.0038
PSE	0.72669	-3.7497	-2.9969
SSE	-0.67016	-3.7497	-2.9969
TIE	-1.78513	-3.8572	-3.04

Source: own computation. The results obtained indicate that the variables are non-stationary as their t-values are greater than the critical values at 1% and 5% respectively.

Table 3: ADF Test Statistics Results

Variable	ADF Test statistical value	Mackinnon critical value at 1%	Mackinnon critical value at 5%	Mackinnon critical value at 10%	Order of integration
GDP	-6.085464	-4.5346	-3.6746	-3.2762	1 (2)
EOH	-6.11233	-4.4415	-3.633	-3.2535	1 (1)
EOE	-3.35995	-4.5	-3.6591	-3.2677	1 (2)
PSE	-4.58112	-4.4691	-3.6454	-3.2602	1 (2)
SSE	-3.74268	-4.4691	-3.6454	-3.2602	1 (2)
TIE	-3.44056	-4.8025	-3.7921	-3.3393	1 (1)

The table shows that Gross Domestic Product (GDP), Government Expenditure on Education (EOE), Primary School Enrolment Rate and Secondary School Enrolment Rate are stationary at second-order difference while Government Expenditure on Health (EOH) and Tertiary Institutions Enrolment Rate (TIE) are stationary at first-order difference.

Table 4: Error Correction Model Estimates

Variable	Coefficient	Std. Error	t. statistics	Prob.
EOH (1)	-0.98187	8.815,632	-0.111375	0.9138
EOE (2)	26.52724	6.856537	3.868898	0.0038
PSE (2)	-140934	88708.6	-1.588733	0.1466
SSE (2)	357033.1	389459.1	0.916741	0.3832
TIE (1)	4292078	761860.4	5.633681	0.0003
ECM (-1)	-0.75589	0.388065	-1.957818	0.0819

R- squared 0.992261

Adjusted R-Sqd 0987961

S.E. of Regression 270910.6

Sum of Sqd. Resid. 6.61E+11

Log likelihood -205.096

Mean Dependent Variable   1894281

S.D. Dependent var 2469049

Akaike info criterion   28.146414

Schwarz criterion   28.42936

Durbin – Watson stat.   2.154743

INTERPRETATION OF RESULTS

The co-integration test results indicate the co-integration of the variables and the residuals, leading to short term adjustment by using the error correction model (ECM).

The ECM(-1) is -0.75589 which means that the value of ECM is 75.6%, hence the variables have to be adjusted approximately 76% to restore equilibrium in the short-run. The t-statistic value of -1.957818 is also significant.

The R-squared of 0.992 shows that the explanatory variables explain 99.2% of charges in the dependent variable. It remained strong even after adjusting for the degrees of freedom to 98.7% (Adjusted R-squared) thereby confirming the fact that the variables chosen are strong indictors of economic growth in Nigeria.

The Durbin-Watson Statistic of 2.15 falls within the acceptable range of no autocorrelation (between 1.8 and 2.5). thus, the model is autocorrelation free.

The coefficient of Government Expenditure on Health (EOH) – 0.98187 is inconsistent with apriori expectation implying a negative relationship between

government expenditure on health and economic growth. A further test for statistical significance gave a +-statistic value of -0.111375, indicating statistical insignificance.

The coefficient of Government Expenditure on Education (EOE) is 26.52724. This is a positive value and it shows a good performance in line with apriori expectation, implying a positive economic growth. The t-statistic value of 3.868898 and the corresponding probability value of 0.0038 shows that the coefficient is statistically significant. Thus, a unit increase in government expenditure on education will derive about 26.52 percent increase in GDP thereby ensuring economic growth.

The coefficient of primary school enrolment rate (PSE) of - 140934 shows a negative relationship between primary school enrolment rate and economic growth. This however, falls short of apriori expectation the t-statistic value of -1.588733 also indicates statistical insignificance.

The coefficient of secondary school enrolment rate (SSE) has a positive value of 357033.1 and it meets the apriori expectation. This implies a positive relationship between enrolment in secondary schools and economic growth. The t-statistic value of 0.916741 indicates statistical significance.

The coefficient of tertiary institutions enrolment rate (TIE) is positive with a value of 4292078. This is in accordance with a priori expectation and the t-statistic value of 5.633681 implies statistical significance. This indicates a positive relationship between tertiary institution enrolment rate and economic growth hence, a one percent increase in tertiary enrolment leads to a more than one percent proportionate increase in GDP and ultimately economic growth.

From the above analysis it can be seen that the result is good and reliable and the model property treated to avoid spurious results. The variables which were consistent with a priori expectation were also statistically significant and the R-squared strong even with adjusted degrees of freedom. Thus, the result is reliable for policy formulation and forecasting purposes.

CONCLUSION

Youths are the foundation of a society. Their energies, inventiveness, character and orientation define the pace of development and security of a nation. With their creative talents and labour power, a nation makes giant strides in economic development and socio-political attainments. Therefore, the proper development of this human resource will lead to improved economic performance. The issues discussed in this study are great importance to economic managers and policy makers in order to transform the human capital of the country from mere potentials to kinetic economic factors for sustainable economic growth.

Capacity building is not the responsibility of the government alone but also international organizations, non-governmental organizations, individuals and various stakeholders who should form partnership while enhancing measurable and sustainable results.

RECOMMENDATIONS

Given the assumption that capacity building and youth empowerment enhance economic growth, the study makes the following recommendations to harness the growth potentials in these variables.

1. The NEEDS document as strategized by the government in Education and Health sector should be fully implemented with progress report given at every stage.

2. Government should increase the budgeted expenditure on health and education sector with the adoption of the ten percent benchmark proffered by the present national plan.

3. Infrastructural facilities should be provided for existing schools and hospitals, while new educational and medical institutions should be established to forestall quality education and healthcare for the populace.

4. The educational curriculum should be designed to provide the right skills to the people in order to empower them into productive ventures.

5. The government should provide libraries at all levels positive values, attitudes and behaviours that promote harmonious relationships can be inculcated and help youths make informed judgments and decisions.

6. Good governance is required for the growth and development of any nation. Efforts should be made by all stakeholders to shun bad governance in order to have a self reliant and sustainable economic growth.

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