Nigerian Youth at Risk

Young people aged 15 to 24 constitute about two fifths of Africa’s working-age population (15 to 64 years) and they account for three fifths of total unemployment on the continent. In Sub-Saharan Africa alone, this age group will grow by 225 million people by the middle of the century. Their share of the population of working age will only marginally decline to about one third by 2050. One of the countries strongly affected by a growing youth bulge is Nigeria. One quarter of the youth surplus Sub-Saharan Africa will face by 2050 will be accounted for by Nigeria alone. The population aged 15 to 24 will grow continuously from about 31 million currently to 86 million by 2050, and the Nigerian population will remain one of the youngest in the world with a median age of twenty-one at mid-century. By that point, the median age in the United States will be twenty years higher. Nigeria with its 160 million inhabitants is the seventh most populous country in the world. According to the United Nations Population Division, the Nigerian population will have more than doubled to 440 million by 2050 and will then be the third most populous nation after India and China.

Growing Labor Force

Projected number of inhabitants according to age groups in Nigeria in different years. (Data source: UNDESA [2013]: World Population Prospects: The 2012 Revision)

This ever-growing population will need jobs, and it will be a challenge to create enough work for them, especially for the highly vulnerable group of the young. To date the labor market has not been very successful at absorbing the younger generation. The labor force participation rate (LFPR) of 15 to 24 year olds is very low (38 percent in 2012), whereas that of the population aged 25 to 54 is 66 percent
Even considering that some of the young are still in education and therefore are not available for work, this share is very low. The low LFPR of youth indicates that a huge part of this generation can be categorized as discouraged job seekers. What is more, those who are active on the labor market at all are at risk of becoming unemployed or of not earning sufficient money. According to the Nigerian National Bureau of Statistics, in 2010 one fifth of the active labor force was unemployed, whereas more than one third of those aged 15 to 24 were.\textsuperscript{vii} Eighty-three percent of young people in employment were living on less than two US dollars a day in 2004, while for those aged 25 or older the share was five percentage points lower.\textsuperscript{v} These data indicate that, as in other African countries, youth are subject to discrimination on the Nigerian labor market. If the share of the young not participating in the labor force due to a lack of perspective remains constant, the sheer number of idle workforce in that age group will constantly grow and this is likely to produce tensions. According to the African Economic Outlook 2012, mass youth unemployment has already contributed to criminality and violence in Nigeria.\textsuperscript{vi}

There are two main reasons for the Nigerian employment crisis. They lie in the country’s economic structure as well as in a labor force unprepared for today’s labor market and therefore serving as a barrier to future job creation.

**Nigeria’s Economic Structure**

Between 2001 and 2010 average annual GDP growth leveled at 6 percent, surpassing the Sub-Saharan average of 5 percent.\textsuperscript{viii} Nigeria is a resource-based economy. According to the Central Intelligence Agency, tax revenues from the oil sector account for approximately 80 percent of total budgetary revenues and provide 95 percent of foreign exchange earnings.\textsuperscript{ix} In 2011, oil rents contributed 33 percent to GDP.\textsuperscript{x} The sector in general is not very labor intensive, and as Nigeria only barely refines its main export commodity, the industry has created fewer jobs than it could have done.\textsuperscript{xi} Furthermore, the focus on crude oil production forces the country to import refined petroleum.\textsuperscript{xii} Oil-induced growth has left non-oil sectors of the economy underdeveloped, especially labor-intensive manufacturing and agriculture.\textsuperscript{xiii} Owing to infrastructural constraints, these sectors have not been successful in improving competitiveness and productivity and therefore have not been able to create more jobs.\textsuperscript{xiv} The GDP share of manufacturing in 2006\textsuperscript{xv} was 2.6 percent—much lower than the 12.1 percentage average in Sub-Saharan Africa and far below the developing countries of East Asia and the Pacific with a GDP average contribution of 32 percent.\textsuperscript{xvi} Although agriculture has been Nigeria’s non-oil growth engine in recent years, it lacks investment and innovation, making it an underperformer.\textsuperscript{xvii} Its share of GDP was 33 percent in 2007.\textsuperscript{xviii} Agricultural growth resulted mainly from increased land use but not from increases in productivity.\textsuperscript{xix} As with oil, the country needs to net-import food products in order to feed the population.\textsuperscript{xix}
Nigeria has made efforts to diversify its economy. All sectors but the oil industry grew in the period between 2001 and 2007. According to the Nigerian National Bureau of Statistics, the highest growth rates in 2011 and 2012 were seen in the telecommunications and postal sectors, with real GDP growth of more than 30 percent in both years. These high rates suggest the initiation of a structural transformation towards the services sector, which in 2007 made up 27 percent of GDP. However, the transformation has not softened pressure on the labor market. Growth in sectors outside the oil economy has not led to sufficient job creation. Private investment has gone to capital-intensive rather than employment-intensive industries, namely oil and gas as well as telecommunications. According to the African Development Bank Group, this is typical for the African continent.

**Education, Employability, and Further Job Creation**

As shown, young people have been strongly affected by the African employment crisis. The current educational system as such does not guarantee employability. Those who attain education do not acquire the skills needed on the labor market. According to employer surveys, African tertiary graduates lack problem-solving ability, business understanding, computer use, and communications skills. Low employability is also the result of an increased demand for more skilled labor induced by technological change. What is more, a lack of human capital with adequate education will impede
further job creation. In order to increase productivity and to attract direct foreign investment, the country needs a skilled workforce.

Formally Fair Attainments

![Pyramid Diagram showing Composition of the Nigerian population (2010) according to sex, age groups and educational attainments. (Data source: International Institute for Applied Systems Analysis [2007])](image)

Yet Nigeria’s commitment to education has been very volatile in the past. Especially in recent years, the situation has gotten worse. The share of out-of-school children increased from around 35 percent to more than 40 percent between 2000 and 2010. Among all the countries assessed by UNESCO, Nigeria in 2010 was in first place regarding the absolute number and the rate of children not attending school, amounting to 10.5 million. According to the International Institute for Applied Systems Analysis (IIASA), in 2010 more than 20 percent of Nigerians aged 15 to 24 had not received any education at all and nearly as many had received only primary education. Although the share of people who have received secondary education in this age group is already quite high (55 percent), too large a share of the young is insufficiently educated for the labor market. Millions of young people annually enter the labor force with neither the formal nor the actual requirements to perform skilled jobs. The country is therefore losing potential foreign investors, who could bring new knowledge and support Nigeria in diversifying the economy and entering new markets, which could, in turn, create jobs. With the introduction of a skills acquisition and enterprise development program as well as a business plan competition, Nigeria has already started to take action. But as the absolute number of young
people is continuously on the rise, it is important to focus more decisively on education and skills development.
Endnotes


2 All projections refer to the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (2012), World Population Prospects: The 2012 Revision. (Medium Variant)


7 Own calculations based on The World Bank (2013), World DataBank: World Development Indicators.


9 The World Bank (2013), World DataBank: World Development Indicators.


14 Latest data available.

15 The World Bank (2013), World DataBank: World Development Indicators. Country aggregates: Sub-Saharan Africa (all income levels); East Asia and Pacific (developing only)


17 The World Bank (2013), World DataBank: World Development Indicators.


24 Latest data available.


