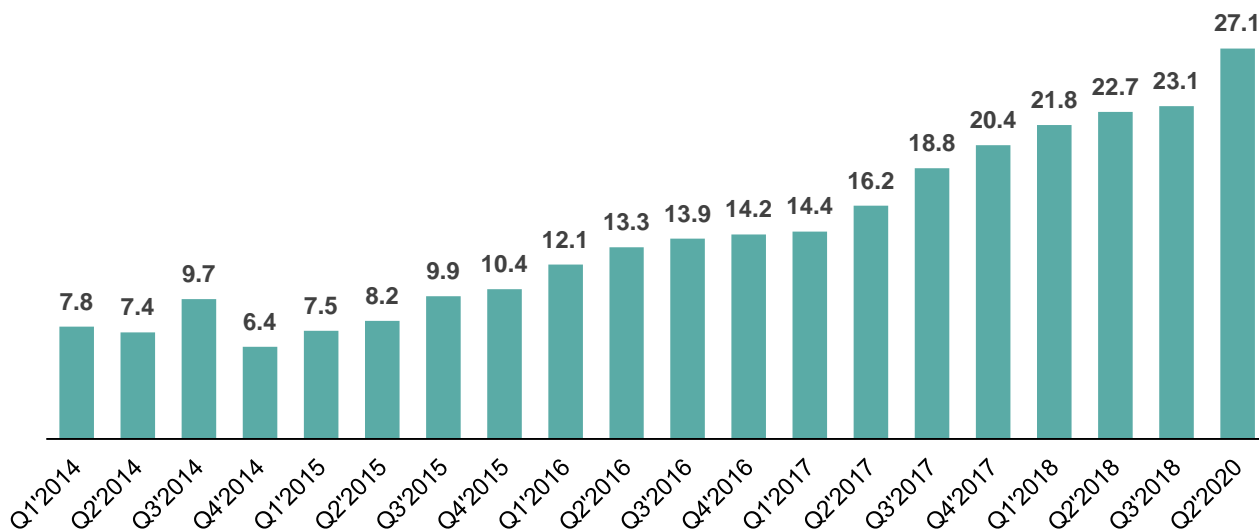


Nigeria's unemployment rate surged to 27.1% as at Q2'2020: The highest level ever amid COVID-19 pandemic

According to the National Bureau of Statistics (NBS), the Nigerian economy witnessed a sharp rise in unemployment rate from 23.1% as at Q3'2018 to 27.1% as at Q2'2020. This corresponds to 4.3% increase in unemployed persons to 21.8 million as at Q2'2020 relative to the number of unemployed persons as at Q3'2018 (20.9 million). The rate of underemployment also increased to 28.6% as at Q2'2020 from 20.1% as at Q3'2018. The current rates of unemployment and underemployment represent the highest levels ever.

Figure 1: Trends of Unemployment Rate in Nigeria



Source: NBS; Graph: NESG Research

Against expectations, the size of the labour force fell sharply by 11.3% to 80.3 million as at Q2'2020 from 90.5 million as at Q3'2018. This could be attributed to a larger decline in the number of employed persons, possibly due to the COVID-19 pandemic. Moreover, youth unemployment rate increased to 34.9% as at Q2'2020 from 29.7% as at Q3'2018. Similarly, the rate of underemployment among youths rose to 28.2%. The worsening unemployment situation in Nigeria was magnified by the lockdown restrictions and business closures arising from the spread of coronavirus pandemic across countries. As at Q2'2020, unemployment rate was higher for rural areas at 28% relative to their urban counterparts, which had an unemployment rate of 25.4%. Similarly, unemployment rate was higher for the female gender at 31.6% compared to the male gender at 23%. This indicates the increasing inequity in the distribution of economic opportunities across gender in Nigeria.

Unemployment was a major problem at lower strata of educational qualification

The unemployment statistics showed that people with no formal education and primary education had higher average unemployment rates at 34.9% and 52.5% respectively compared to other educational qualification groups. This suggests the importance of human capital development in boosting the chances of being gainfully employed in the formal sector.

Table 1: Unemployment by Educational Qualification

Education Status	Average Unemployment Rate
No education	34.9%
Primary Education	52.5%
Secondary Education	24.5%
Post-Secondary Education	29.5%

Source: NBS

Unemployment was lower for most South Western States, while some Oil-producing Areas faced higher unemployment¹

At an unemployment rate of 48.7%, Imo State had the highest unemployment rate. Three oil producing states – Akwa Ibom, Delta and Rivers - showed up among the 17 States that recorded unemployment rates far and above the national average of 27.1%. On the flip side, Anambra State recorded the lowest unemployment rate at 13.1%. Three South Western States – Ogun, Ekiti and Osun – appeared among the 19 States with unemployment rates that are lower than the national average.

Figure 2: Top 10 States with High Unemployment Rate (%)

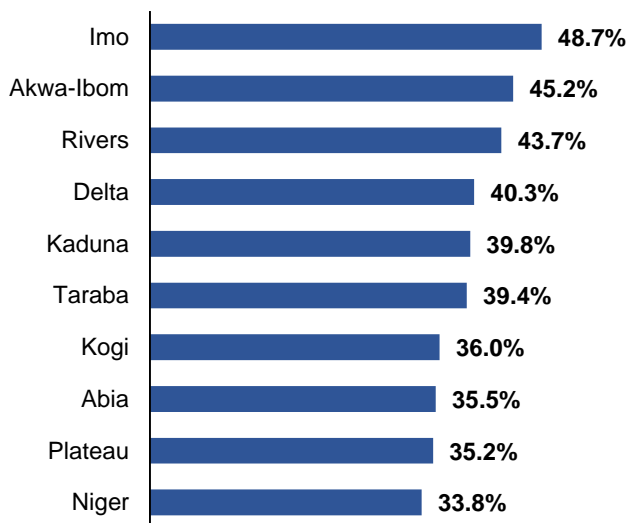
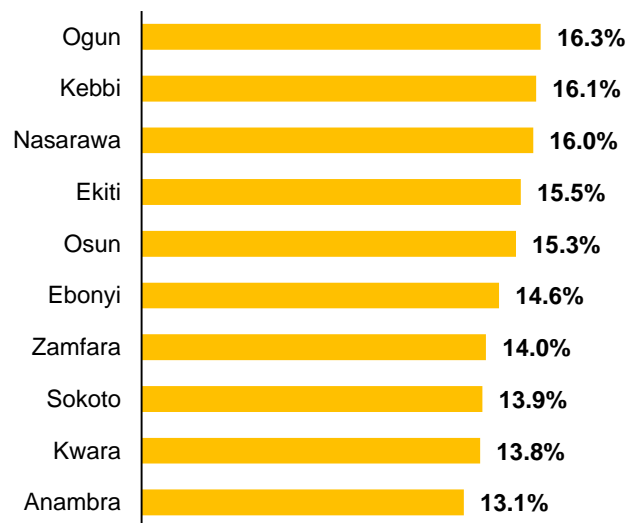


Figure 3: Least 10 States with Low Unemployment Rate (%)



Source: NBS; Graph: NESG Research

¹As noted by NBS, there is a caveat that unemployment rates should not be compared across States due to fast changing unemployment trends arising from the ease of movement of individuals from one State to another in search for jobs. Hence, a lower unemployment rate does not mean that a State is doing better than another State with a higher unemployment rate.

Northern Nigeria was characterized by High Rate of Underemployment

Out of 17 states whose underemployment rates were above the national average of 28.6%, the first top 10 were from the Northern region. Benue State had the highest underemployment rate at 43.9%. This could be attributed to seasonality effect associated with agricultural production, where workers become unemployed during the off-season. On the other hand, Anambra State recorded the lowest rate of underemployment at 17%. Four South Western States – Lagos, Osun, Ogun and Oyo – were among the 19 States with underemployment rates below the national average.

Figure 4: Top 10 States with High Underemployment Rate (%)

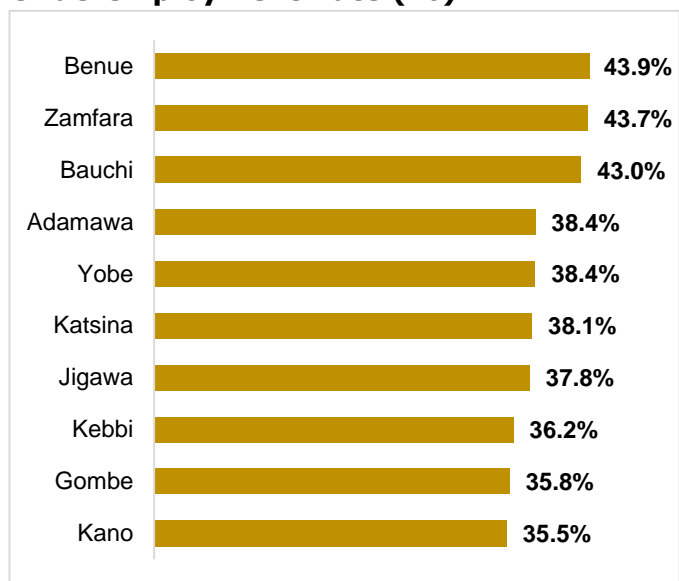
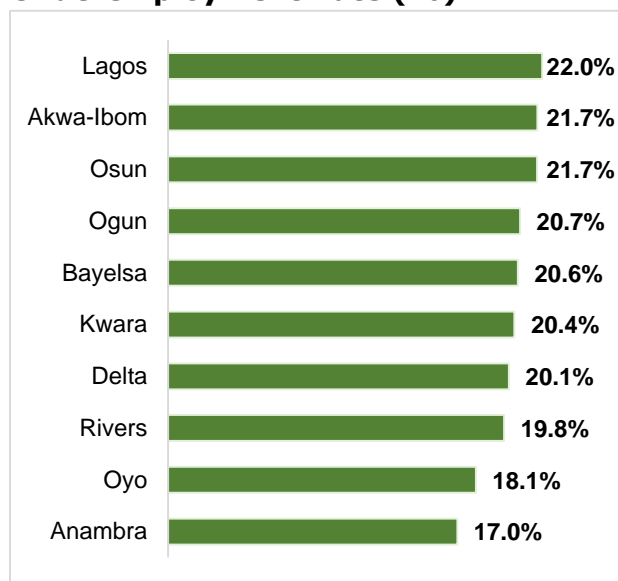


Figure 5: Least 10 States with Low Underemployment Rate (%)



Source: NBS; Graph: NESG Research

Conclusion

- ***Rising unemployment shows the need for inclusive growth strategies in Nigeria***

The worsening unemployment situation in Nigeria indicates the inability of economic growth to ultimately translate into massive job creation. There is an urgent need to implement sector-specific reforms that would improve the performance of some priority sectors with high growth prospect and job creation capacity. According to the NESG Macroeconomic Outlook Report released in January 2020, the six key sectors include manufacturing, construction, professional services, health, education and trade while ICT and renewable energy are major enablers across all sectors.

- ***Improved business environment is critical for job creation by the private sector***

There is need to address constraints to private sector development including power outage, multiple taxation, as well as, infrastructural and logistic bottlenecks. With a favourable

business operating environment, the job creation capacity of the private sector would be enhanced.

➤ **Youth-targeted empowerment programmes should be institutionalized**

There is need for the institutionalization of youth empowerment programmes to support the ad-hoc social investment programmes that currently exist in Nigeria. Achieving this would help reduce the growing rates of youth unemployment and underemployment.

➤ **Need for education reforms to enhance youth participation in the formal sector**

The rising level of youth unemployment reflects the structural challenges associated with the current school curriculum that offers training which is not in direct conformity with industry needs. This therefore necessitates the need for adequate investment in skill acquisition for youths and a reform of the technical and vocational education system to ensure a significant number of youths are gainfully engaged.

About NESG

The NESG is an independent, non-partisan, non-sectarian organization, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought so as to explore, discover and support initiatives directed at improving Nigeria's economic policies, institutions, and management.

www.nesgroup.org | Info@nesgroup.org

THE SUMMIT HOUSE

6, Oba Elegushi Street, Ikoyi, Lagos. P.M.B 71347, Victoria Island, Lagos.
ABUJA LIAISON OFFICE: 3rd Floor, Right Wing, Unity Bank Tower, Plot 785,
Herbert Macaulay Way, Abuja

     [officialNESG](#)

Contact

For more information about the content of this report and other research services, please contact:

NESG Research Team

Email: research@nesgroup.org
Tel:
+234-01-295 2849
+234-01-295 2003