

NESG 2022Q4 & 2023Q1 UNEMPLOYMENT ALERT

September 2023

Nigeria's Unemployment Rate stood at 4.1 percent as of 2023Q1

According to the National Bureau of Statistics (NBS), the Nigerian economy witnessed a drop in the unemployment rate to 4.1 percent in 2023Q1 from 5.3 percent in 2022Q4. Similarly, the rate of underemployment fell to 12.2 percent in 2023Q1 from 13.7 percent in 2022Q4. The recent unemployment data were generated following the revision of the pre-existing methodology to meet the International Labour Organisation's (ILO) most recent standard of estimation (see **Table 1**). The unemployment rate was higher for females than for males. As of 2022Q4 and 2023Q1, the female unemployment rate stood at 6.6 percent and 5 percent, respectively, whereas the male unemployment rate stood at 4 percent and 3.1 percent over the same period. This indicates the inequity in the distribution of economic opportunities between men and women in Nigeria.

Table 1: Changes in Methodology for Labour Statistics Computation

Item	Old Methodology	New Methodology
Working Age Population	Persons aged 15-64 years	Persons aged 15 years and above
Employment	All those of working age population who were engaged in any activity that produce goods or provide services for a minimum of 20 hours in the reference period	All those of working age population who during the reference period were engaged in any activity to produce goods or provide services for pay or profit
Labour Force	Working Age Population (15 – 64 years) that are employed and unemployed	Working Age Population (15 years and above) that are employed and unemployed
Unemployed	Worked below 20 hours or did not work but searching and available in the reference week	Not in employment, actively searching and available (did nothing for pay or profit)
Underemployed	Worked between 20 and 39 hours in a week	Worked less than 40 hours in a week but willing and available for more hours of work
Questionnaire	13th ICLS model questionnaire	19th ICLS model questionnaire
Periodicity	Cross sectional (One off data collection)	Continuous – throughout the year (Longitudinal)
Sample Size	33,300 Households Quarterly	35,520 Households spread across 12 months
Data Collection	17 – 21 days every quarter	Continuously for 12 months
Employment in Agriculture	Recorded as employed if 20 hourly thresholds met	A distinction is made between commercial and subsistence agriculture
Reporting	Quarterly National and State levels estimate	Quarterly National and yearly State levels estimate

Source: NBS

Rural areas faced a lower unemployment rate than their urban counterparts. As of 2022Q4 and 2023Q1, the rural unemployment rate was estimated at 4 percent and 2.9 percent, respectively, while the urban unemployment rate stood at 6.3 percent and 5.4 percent over a similar period. This could be partly due to the population surge in urban settlements due to rising internal migration.

Unemployment was rife at the upper strata of educational qualification. The unemployment statistics showed that people with no formal education and primary education had the lowest unemployment rate at 3.9 percent and 3.2 percent as of 2022Q4 and 2023Q1 compared to other educational qualification groups (see **Table 2**). The unemployment rate was highest for the post-secondary education group at 9 percent and 6.2 percent as of 2022Q4 and 2023Q1, respectively. This indicates a mismatch between labour market entrants (particularly graduates) and the industry labour requirements.

Table 2: Unemployment by Educational Qualification

Education Status	Average Unemployment Rate (percent)	
	2022Q4	2023Q1
Post-Secondary Education	9.0	6.2
Secondary Education	5.6	4.4
Primary Education	3.9	3.2
No education	3.9	3.2

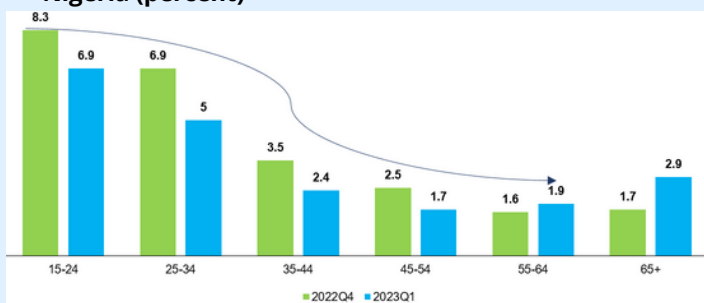
Source: NBS

CONCLUDING REMARKS

Unemployment was more pervasive among the youth.

Unemployment among youths – persons aged 15-34 years – was the highest at an average of 7.6 percent and 6 percent as of 2022Q4 and 2023Q1, respectively (see **Figure 1**). This suggests that the youth population is less engaged in productive activities than the other age groups (notably, 35-64 years). Over a similar period, the youth employment rate averaged 68.1 percent and 70.7 percent. Moreover, the unemployment rate declined along the age brackets, with persons aged 55-64 and 65+ being the least affected in the review period.

Figure 1: Unemployment Rate across Age Groups in Nigeria (percent)



Data: NBS; Chart: NESG Research

The informal sector in Nigeria provided a large quantum of employment opportunities.

The employment rate was very high at 73.6 percent and 76.7 percent as of 2022Q4 and 2023Q1, respectively. Meanwhile, over 90 percent of employed persons engaged in informal sector activities in the review period. Non-agricultural informal employment rate stood at 90.9 percent and 89.4 percent as of 2022Q4 and 2023Q1, respectively. This is not unconnected with the fact that about 73.1 percent and 75.4 percent of employed persons run their private businesses - which are predominantly non-agricultural based - over the same period. However, the proportion of persons in paid employment stood at 13.4 percent and 11.8 percent as of 2022Q4 and 2023Q1, respectively.

* **The latest unemployment data does not overturn the fact that Nigeria has one of the world's highest misery indexes – the sum of unemployment and inflation.** Many Nigerians are leading a life of misery further exacerbated by the persistent inflationary pressures, which have weakened their purchasing power and pushed many people into poverty. As of 2022Q4, Nigeria's misery index stood at 26 percent, significantly above the sub-Saharan African and global averages of 16 percent and 14 percent, respectively. According to the World Bank, an additional 4 million Nigerians were impoverished in the first five months of 2023. Hence, adequate provision should be made to rein in inflation - which stood at an all-time high of 24.1 in July 2023 – to improve living standards.

* **The fact that nearly all Nigerians are employed in the informal sector remains concerning and efforts should be geared towards upscaling social protection.** Nigeria has one of the lowest social protection coverage rates at 4.4 percent, significantly below the averages of 45.2 percent and 17.8 percent in the world and Africa, respectively, as of 2015. This makes many employment opportunities to be classified as vulnerable (over 70 percent). Meanwhile, a strong correlation exists between vulnerable employment and social protection using South Africa as a case study. The country had a high social protection coverage rate of 48 percent as of 2015, whereas it has a very low vulnerable employment rate of 10.5 percent as of 2021. This suggests that to reduce the exposure of many Nigerians to vulnerable employment, there is an urgent need to scale up social protection coverage across the age groups.

- * **Youth-targeted empowerment programmes and training should be tailored to the industry's needs.** This would ensure that many young people are productively engaged, thereby reducing the high rates of youth unemployment and underemployment. Nigeria should take a cue from the German technical and vocational training model which is accommodative of schooling children and school drop-outs. Achieving this milestone should strengthen efforts towards curtailing youth restiveness and social unrest usually associated with high economic costs in the country.
- * **Economic growth and job creation forms part of the recently unveiled eight-point agenda of the current administration in Nigeria. However, much emphasis should be placed on facilitating the creation of decent jobs and enhancing informal sector productivity.** The labour statistics showed that over 70 percent of Nigerians are employed, but more than 90 percent of employed persons make their living in the informal sector, which in the Nigerian context does not guarantee adequate social security. While job creation is a necessary condition for poverty reduction, the quality of jobs being created matters to permanently drive many Nigerians out of poverty.

About the NESG

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

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

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