

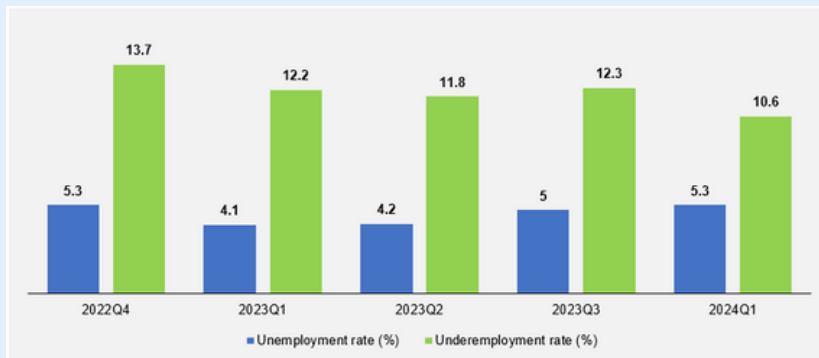
# NESG 2024Q1 UNEMPLOYMENT ALERT

September 2024

## Nigeria's unemployment rate rose to a one-year of 5.3 percent in 2024Q1

According to the National Bureau of Statistics (NBS), the Nigerian economy recorded an increase in the unemployment rate to 5.3 percent in the first quarter of 2024 from 5.0 percent in the third quarter of 2023. This represents the third consecutive rise in the rate of unemployment since the second quarter of 2023 (see **Figure 1**). However, the underemployment rate fell to 10.6 percent in 2024Q1 from 12.3 percent in 2023Q3.

**Figure 1: Trend of Unemployment and Underemployment in Nigeria**



Data: NBS; Chart: NESG Research

In 2024Q1, female unemployment rate stood at 6.2 percent, higher than male unemployment rate at 4.3 percent. This indicates the inequity in the distribution of economic opportunities across gender in Nigeria. The rate of unemployment was higher for rural residents (4.3 percent) than their urban counterparts (6 percent), partly reflecting the impact of rural-urban migration and rapid urbanisation in the country.

**Unemployment was pervasive among persons with higher educational qualification.** The unemployment rate was highest for the post-secondary education group compared to lower educational qualification groups (see **Table 1**). This indicates the negative correlation between human capital development and unemployment, reflecting the mismatch between labour market entrants and the industry labour requirements in Nigeria.

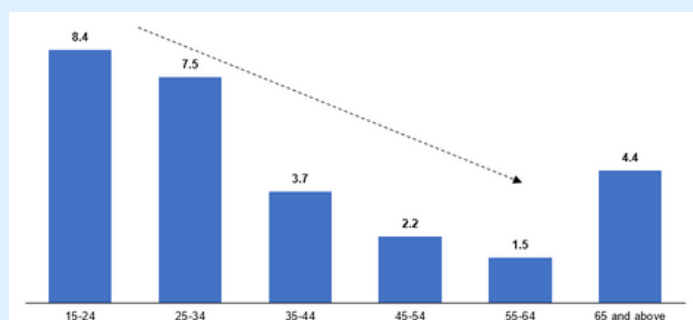
**Table 1: Unemployment by Educational Qualification**

Education Status	Unemployment Rate (percent)
Post-Secondary Education	9.0
Secondary Education	6.9
Primary Education	4.0
No education	2.7

Source: NBS

**Unemployment was more pervasive among the youth.** The unemployment rate among youths – persons aged 15-24 years – was the highest at 8.4 percent in 2024Q1 (see **Figure 2**). This suggests that the youth population are less engaged than the other age groups (notably, 25-64 years). The second highest unemployment rate was recorded in favour of the aged (4.4 percent). This could be attributed to the fact that most of the old ones have retired from active service and were unemployed during the survey period.

**Figure 2: Unemployment Rate by Age Group (percent)**



Data: NBS; Chart: NESG Research

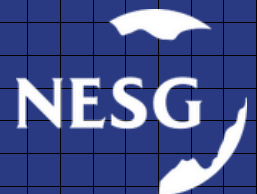
**The informal sector remained the largest employer of labour in 2024Q1.** The employment rate was very high at 73.2 percent in 2024Q1. Meanwhile, over 90 percent of the employed persons engaged in informal sector activities in the quarter. Non-agricultural informal employment stood at 90.2 percent in 2024Q1. This could explain why only 16 percent of employed persons were in paid employment in mainly non-agricultural activities in the quarter.

## CONCLUDING REMARKS

- \* Nigeria's misery index - the sum of unemployment and inflation rates - rose to 36.9 percent in 2024Q1 from 30.5 percent in 2023Q3. Thus, many Nigerians are experiencing a cost of living crisis and weak purchasing power due to rising inflation, with many being pushed into poverty. Efforts should be geared towards reducing inflationary pressures by improving agricultural productivity and combating insecurity.
- \* Pervasive unemployment among the youth cohorts could be responsible for the high rate of Not in Education, Employment or Training (NEET), which stood at 14.4 percent in 2024Q1 compared with 13.7 percent in 2023Q3. Hence, there is an urgent need to empower youths with productive skills. This could reduce youth restiveness and minimise social unrest in the country.
- \* Many unemployed persons finding it difficult to get jobs could be discouraged from further search. In 2024Q1, the rate of out-of-labour force rose to 3.6 percent from 3.1 percent in 2023Q3. The rate of out-of-labour force was higher for people with post-secondary education (7.1 percent) than those with lower educational qualification. This reiterates the need to revive the technical and vocational education and training (TVET) scheme to accommodate graduates and school drop-outs.
- \* Many Nigerians are exposed to vulnerable employment (representing over 70 percent of total employment), non-paid or low-paid jobs, and poor working conditions, characterising the informal sector. Thus, efforts should be geared to improve the living conditions of informal sector players by subsidising food and non-food household materials and healthcare. Measures should also be put in place to incentivise the easy transition of informal sector players to the formal sector. There is a need to correct the general orientation that such a transition would mean that the informal sector players would be exposed to higher taxes.

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.

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