

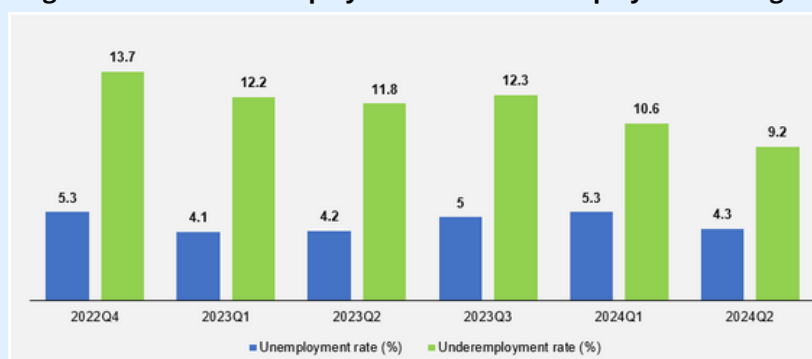
NESG 2024Q2 UNEMPLOYMENT ALERT

November 2024

Nigeria's unemployment rate fell to 4.3 percent in 2024Q2

According to the National Bureau of Statistics (NBS), the Nigerian economy recorded a decline in the unemployment rate to 4.3 percent in the second quarter of 2024, reversing its rising trend for the first time since the second quarter of 2023 (see **Figure 1**). Similarly, the rate of underemployment fell for the second consecutive quarter to 9.2 percent in 2024Q2.

Figure 1: Trend of Unemployment and Underemployment in Nigeria



Data: NBS; Chart: NESG Research

In 2024Q2, the female unemployment rate stood at 5.1 percent, higher than the male unemployment rate at 3.4 percent. This indicates the inequity in the distribution of economic opportunities across gender in Nigeria. Rural residents (2.8 percent) faced a lower unemployment rate than their urban counterparts (5.2 percent), partly reflecting the impact of rural-urban migration and rapid urbanisation in the country.

Unemployment was pervasive among the Secondary School Leaving Certificate Group. In 2024Q2, persons with no education and primary education had the lowest unemployment rates (see **Table 1**). However, persons with post-secondary education have a lower unemployment rate than those with only secondary education. This suggests that a negative correlation exists between human capital development and unemployment, reflecting the potency of higher education in unlocking job opportunities for labour market entrants in the formal sector.

Table 1: Unemployment by Educational Qualification

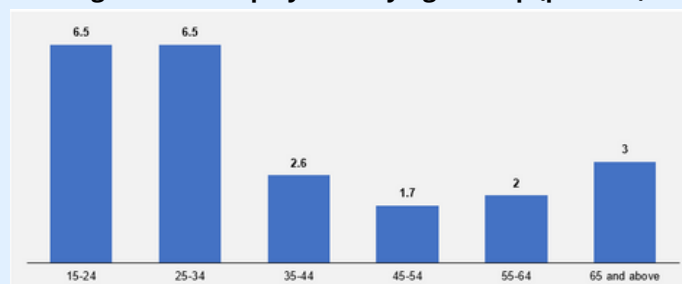
Education Status	Unemployment Rate (percent)
Post-Secondary Education	4.8
Senior Secondary Education	8.5
Junior Secondary Education	5.4
Primary Education	2.8
No education	2.3

Source: NBS

Unemployment was rife among the youths.

Unemployment among youths—persons aged 15-24 years—and persons aged 25-34 were the highest at 6.5 percent in 2024Q2 (see **Figure 2**). This suggests the youth population is less engaged than the other age groups in the labour force. The second highest unemployment rate was recorded in favour of the aged (3.0 percent). This is because the old ones have retired from active service and were unemployed during the survey period.

Figure 2: Unemployment by Age Group (percent)



Data: NBS; Chart: NESG Research

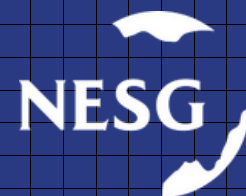
The informal sector remained the largest employer of labour in 2024Q2. While the employment rate was very high at 76.1 percent in 2024Q2, about 93 percent of the employed persons engaged in informal sector activities in the quarter. Non-agricultural informal employment stood at 90.4 percent in the quarter. This could explain why only 14.4 percent of employed persons, predominantly engaged in non-agricultural activities, were in paid employment in 2024Q2.

CONCLUDING REMARKS

- * Despite the decline in the unemployment rate, Nigeria's misery index - the sum of unemployment and inflation rates - jumped to 38.3 percent in 2024Q2 from 26.7 percent and 36.9 percent in 2023Q2 and 2024Q1, respectively. This suggests that many Nigerians are still experiencing a cost of living crisis due to rising inflation, which has pushed many into poverty. According to the World Bank, more than half of Nigerians are currently living in poverty.
- * While education is necessary for gainful employment in the formal sector, the prevalence of high unemployment among secondary school leaving certificate holders and the youth suggests the existence of a significant mismatch between the knowledge possessed by labour market entrants and skills required at the workplace. Therefore, there is a need to equip labour market entrants, including graduates and the youth, with hands-on and soft skills that would enhance employability.
- * Many Nigerians are engaged in self-employment and non-paid jobs, suggesting the need for the government to create an enabling environment to improve the ease of doing business in Nigeria. A business-friendly climate could enhance the productivity of the informal sector players, and incentivise businesses to formalise and voluntarily remit taxes, thereby improving the country's tax revenue collection.

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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