



# POLICY BRIEF

2018 NO 3

## YOUTH UNEMPLOYMENT AND DEMOGRAPHIC DIVIDEND

### INTRODUCTION

**Y**ouths constitute the change-agent to any economy. Any negative shock to well-being of the youths could generate a devastating effects on the economy thus, inhibiting the economy from tapping into demographic dividend. One of these shocks is unemployment. Unemployment is a bane to harnessing demographic dividend. It is more disastrous if it is well pronounced among youth. Unemployment covers persons (aged 15–64) who during the reference period were currently available for work, actively seeking for work but were without work (National Bureau of Statistics (NBS), 2017). Gainful employment is crucial to harnessing demographic dividend as it is only way through which labor potentials in terms knowledge and skills can transform into production, hence leading to economic growth.

Demographic Dividend is an opportunity and a driver of economic growth that an economy stands to benefit by having larger proportion of its population in working age category due to low fertility and mortality rates. The Nigerian youths possess the necessary potentials to stimulate economic growth in the country. For this to be achieved, the youths must be equipped with modern and sophisticated human capital development. Youth unemployment could deter Nigeria from harnessing demographic dividend. It is a problem that must be given utmost attention if Nigeria must benefit from economic, social and political opportunities embedded in the demographic dividend. Importance of youth in harnessing demographic dividend in Nigeria cannot be over-emphasized.

Demographic dividend is only assured if the productive youths are adequately employed in decent jobs. Only those employed can produce and earn income for their consumption and those of their dependents.

A skilled and employed youth population in the country increases the production and income which is why issues surrounding youth's well-being must be properly addressed to guarantee harnessing of the demographic dividend in the country.

**Youth:** any person between 18-34 years of age.

**Unemployment** is the proportion of those in the labour force who were actively looking for work but could not find work for at least 20 hours during the reference period to the total currently active (labour force) population.

**Underemployment** occurs if one works less than full time hours, which is 40 hours, but work at least 20 hours on average a week and /or if you work full time but are engaged in an activity that underutilizes your skills, time and educational qualifications (NBS, 2017).

**Decent/Good Jobs** These are jobs that have the capacity to reduce poverty and inequality, strengthen value chains and production clusters, or help build trust and shared values. (World Development Report on Job, 2013).

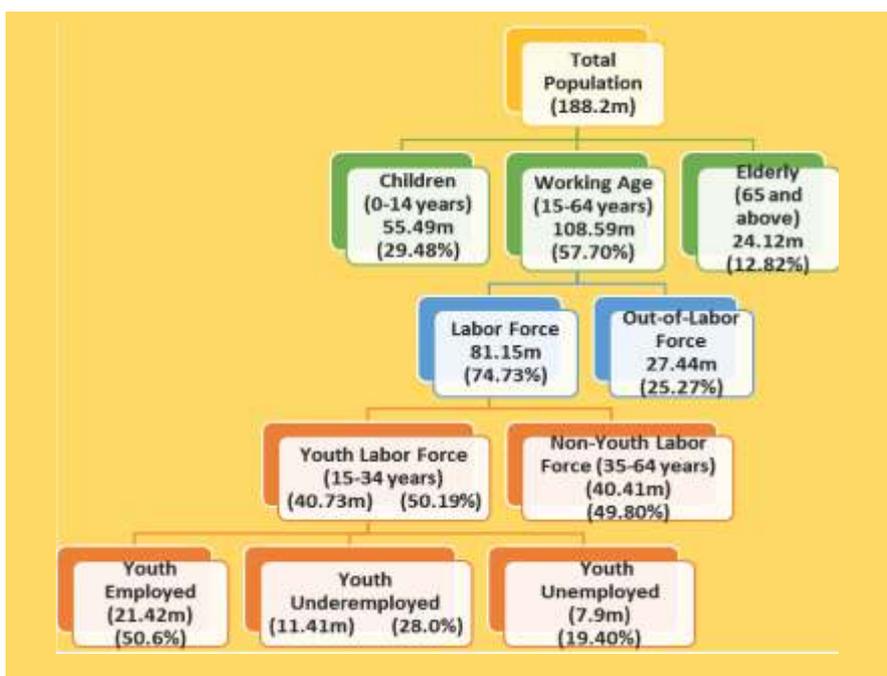
### YOUTH UNEMPLOYMENT IN NIGERIA

Nigerian population was estimated to be 188.2 million as at 2016 with 57.70 per cent working population. While 74.73 per cent of the working age population are categorized as labour force,



25.27 per cent are out-of-labour force. Figure 1 shows the population and employment configuration of the Nigerian economy. The youth labour force stood at 40.73 million with about 21.42 million employed while about 7.90 million and 11.41 million are unemployed and underemployed respectively (NBS, 2017). Furthermore, 50.19 per cent of labour force are youth labour force while 49.80 per cent are non-youth labour force. In the same vein, 50.6 per cent of youth labour force are gainfully employed, 28.0 percent are underemployed and 19.40 percent are unemployed (NBS, 2017). The implication is that almost 50 per cent of youth labour force are unemployed. Harnessing demographic dividend under this condition may be unrealistic. Youths are the engine of the economy, hence safety net in terms of employment generation must be made available to Nigerian youths in order to enjoy the embedded opportunities in the demographic dividend.

**Figure 1: Population and Employment Configuration of Nigeria Economy, 2017**



Source: Data taken from National Bureau of Statistics, 2017

There are arguments that high unemployment rate is caused by lack of employment rate in caused by lack of employability of the youth. The quality of education determines this employability. As a result, there is the need to re-orientate Nigerian youths to become job-creators and not job-seekers. This further calls for consolidated policies to radically address the

issue of youth unemployment and underemployment in the country. Youth employment is an important input to tapping of demographic dividend. When youths are gainfully employed, they earn more income, save and invest part of it and eventually have something to fall back on at their old ages. It is therefore imperative for government at all levels to further put in place sophisticated policies to arrest the menace of youth unemployment in the country.

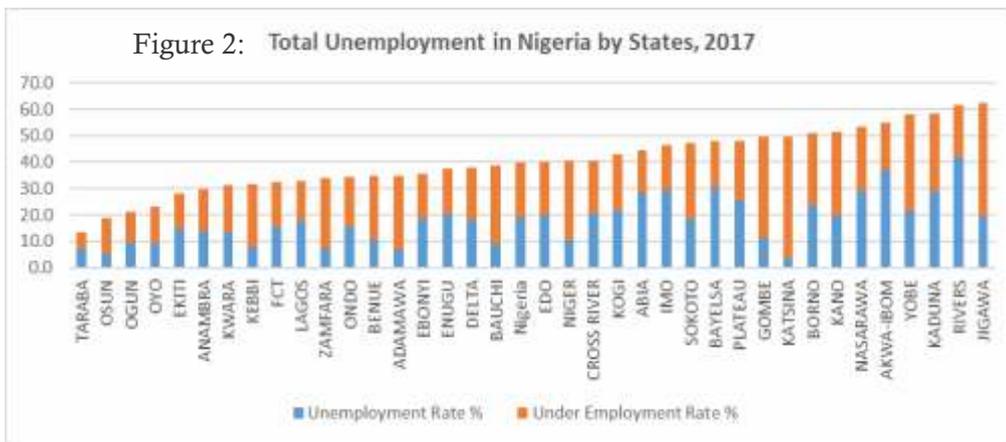
Unemployment and underemployment rates vary across the states in the country (Figure 2). Many states in the south-west geo-political zone of the country recorded unemployment and underemployment rates that are below the national rates, while larger number of states in the Northern region of the country recorded higher rates of unemployment and underemployment, above the national rates. A well-coordinated and consolidated effort in terms of policies is needed to rescue the states and the country as a whole from menace of unemployment and underemployment in order to reposition the country in a right path to harnessing demographic dividend.

## ISSUES FOR JOB DIVIDEND IN NIGERIA

The necessity to harness job dividend from the first dividend must ensure inclusive employment and entrepreneurship, quality human capital, and durable labour market linkages. Labour market characteristics are important in generating economic dividend. Investments in children cannot achieve a maximum economic impact unless they are accompanied by a robust job market. If young adults can find productive employment, they will be able to enjoy higher consumption, invest in their own children, and set money aside for the future.

Adequate and quality employment holds the key to the achievement of the demographic dividend. This is because, this would propel incomes, offer higher standards of living and better health and education access. AfDB (2016) has estimated that reducing Africa's youth unemployment rate to that of adults

Figure 2: Total Unemployment in Nigeria by States, 2017



Source: National Bureau of Statistics, 2017

would translate to a 10% to 20% increase in the continent's GDP. If Nigeria is thus able to reduce unemployment, then the prospect of achieving the dividend is extremely high. If there are no economic opportunities for the large number of the youth population, the youth bulge could result in a demographic bomb, because a large number of jobless youth could become a potential source of social and political instability, with dire consequences for economic development.

Available data indicates that although between 10 and 12 million young Africans enter the work force each year, only three million formal jobs are created annually. Besides, the youth often lack the skills required by employers, despite gains in education access over the past several decades. Women are particularly impacted, often facing even greater barriers to accessing opportunities and earning equal pay, according to the report. As a result, the need to equip young Africans with the skills they need to be productive members of the workforce cannot be overemphasized.

The employment levels and trends in Nigeria somehow portrays a situation where there could be a negative impact on demographic dividend. Projections of the Nigerian population reveals that the working age population (i.e. those aged 15-60 years) will increase from about 85.7million in 2011 to an estimated 185.6 million by 2050, representing an average increase of 25 million per decade. Unemployment rate in Nigeria is increasing among the youth and this has implications for the achievement of the demographic dividend. The dividend can only be achieved if the youths are productively engaged in employment (Olaniyan et al, 2013). As at quarter 1 of 2016 about 43% of Nigerian youths are either unemployed or underemployed.

The size of the demographic dividend that Nigeria can will depend on massive creation of wage-earning jobs. It should be noted that it is not all the new entrants into the working age population that will be seekers of jobs. In reality, many of the new young entrants will be entrepreneurs looking for hands to employ and government must provide

enabling environment for employment. There should be policies that will make Nigeria have both new workers and new employers. Although, the government does not have to take on the primary responsibility for creating jobs, government must provide conducive and enabling environment. They will have to provide an enabling guidelines and an effective regulatory system, and providing for the basic needs of citizens as well as keeping a check on excessive inequality. The country must avoid a situation where skilled youths cannot get quality jobs as it will have negative effects on harnessing the second dividend.

Furthermore, addressing youth unemployment in the country requires the government both at the federal and state level to match up the number of youths entering into the labour market and the available job in the market. The population of youths entering the labour market in Nigeria every year is over 3 million. This implies that 30 million job must be produced in the next ten years by government to match up the population entering the labour market.

## POLICY OPTIONS AND RECOMMENDATIONS

It is a clear fact that failure to address youth unemployment in the country will amount to failure of Nigerian government in exploiting the opportunity of harnessing demographic dividend in the country. It is against this backdrop that the following policy recommendations:

- Nigerian children and youths must have access to adequate and quality education and health that will build their human capital so that they can be found employable and contribute to the

development of the country.

- Governments at both federal and state level should create greater economic opportunities for youth across socio-economic strata, rural-urban divides, as well as gender and age groups. They should make economic environment conducive in terms infrastructure (reliable energy supply, communication and transportation network and others) to attract local and foreign investors.
- Efforts should be made at institutionalising sound regulatory structure to make informal and private sectors triumph, protect the interest of workers and guide against corruption in service delivery channel in order to promote effectiveness, value-for-money and efficiency of service delivery in the private and informal sectors.
- Nigerian youths are coming up with some entrepreneur skills in information communication technology (ICT), entertainment industry and so on. It is high time Nigeria government started hunting for them and catching them young.
- Collaborative efforts in the provision of credit facility by public and private sector must be strengthened. At the moment, there exists various schemes both in the private sectors and public sectors that provide credit facility to small and medium enterprises in the country. These efforts, however, need coordination.

## CONCLUSION

Harnessing demographic dividend in Nigeria is not spontaneous and automatic. There must be massive investment in building the human capital of youths as well as provide decent jobs and employment for them. With the present situation of youth unemployment in the country, concerted and well-coordinated efforts

are needed to salvage the situation and put the country on the path of harnessing demographic dividend.

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## ACKNOWLEDGMENTS

This brief was sponsored by the United Nations Population Fund. Technical research material was provided from the Demographic Dividend report of Nigeria. The opinions expressed in the Brief are those of the authors and do not represent the views of UNFPA.

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