

Empirical review of youth employment policies (YEPs) and their impact in Nigeria.

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The Partnership for Economic Policy is partnering with the Mastercard Foundation for a three-year initiative on “**What Works for Youth Employment in Africa**”. The initiative aims to provide evidence that can drive policy reform to increase youth employment in 10 African countries: Burkina Faso, Ethiopia, Ghana, Kenya, Niger, Nigeria, Rwanda, Senegal, South Africa and Uganda. The initiative aligns with the Mastercard Foundation’s Young Africa Works strategy that seeks to enable 30 million young Africans, particularly young women, to access dignified and fulfilling work by 2030. Teams of local researchers and policy stakeholders are carrying out gender-aware policy and impact reviews in each country. The resulting analysis and findings will build a body of knowledge on youth employment policy in Africa, and will be stored in a new online knowledge repository.

This policy paper was developed as part of the project supported in Nigeria. For more information, please visit: www.pep-net.org/programs/youth-employment

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Authors

Oluwasola E. Omoju

Research Fellow,
National Institute for Legislative
& Democratic Studies
Abuja, Nigeria
shollcy@yahoo.co.uk

Emily E. Ikhide

Research Fellow,
National Institute for Legislative &
Democratic Studies
Abuja, Nigeria
emmyjay11@gmail.com

Iyabo A. Olanrele

Research Fellow,
Nigerian Institute of Social
and Economic Research
Ibadan, Nigeria
adeyemiyabo@yahoo.com

Lucy E. Abeng

Assistant Lecturer
Baze University
Abuja, Nigeria
abenglucy@gmail.com

Francis O. Adebayo

Principal Youth Development Officer
Federal Ministry of Youths and Sport
Development
Abuja, Nigeria
francisadebayo31@gmail.com

Itohan Odigie

Assistant Chief Youth
Development Officer,
Federal Ministry of Youths
and Sport Development
odigie31itohan@gmail.com

Amina M. Muhammad

Field Officer, YouthHub Africa
Sokoto, Nigeria
ameenahbintumuhammad08@gmail.com

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1. Policy context analysis

Youth are a prominent group in Nigerian society. However, while they account for about 46% of the total population, their labour market prospects are not encouraging. The National Bureau of Statistics (NBS) has estimated that the youth unemployment rate is about 34.9%, compared to overall and adult unemployment rates of 27.1% and 19.3% respectively as of mid-2020.¹

A closer examination of trends in youth employment reveals a worrying trend. The share of youth in full employment has been falling, from 71% in 2010 to 37% in 2020. Meanwhile, the shares of those who are unemployed and underemployed have increased from 7% and 22% in 2010 to 35% and 28% in 2020, respectively, according to the Nigerian Youth Employment Action Plan (Government of Nigeria, 2021).

The drastic increase in youth unemployment and underemployment rates could be attributed, in part, to a number of factors, some of which are also responsible for the increase in the overall unemployment rate. Nigeria's economic growth, for example, has slowed in recent years, and the economy has gone into recession three times between 2010 and 2022. This has translated into slow job growth or the outright mass layoff of workers.

Youth have been affected disproportionately as their opportunities to enter the labour market have been reduced because they lack prior work experiences. Youth have also been particularly affected by mass layoffs.

In short, Nigeria's labour market has not been able to absorb the growing youth population. Taken together, these outcomes have shown the ineffectiveness of several efforts to improve youth employment and development.

The labour force participation rate for different groups also throws more light on this issue. According to data from the NBS, Nigeria's total labour force population stands at 80 million (data from the second quarter of 2020). Youth aged 15-34 account for half (40 million) of this total labour force. However, only 26 million are fully employed, and 13 million are unemployed. Older age groups (those aged 35-44 and 45-54), with a labour force of 20 million and 13 million, respectively, have 16 million and 10 million fully employed.

Only 65.1% of those aged 15-34 years are employed, while 34.9% are either unemployed or inactive in the labour market as a result of schooling issues or for other reasons. It is clear that the proportion of youth who are employed is very low when compared to other age groups.

Poor employment outcomes for young people in Nigeria are exacerbated by limited education and training opportunities. Available data show that, in addition to a fall in the proportion of youth who are employed, the share of those in education and training is also declining – a major challenge for future economic and social mobility.

¹ The unemployment data from the National Bureau of Statistics (NBS) and the ILO-World Bank differ markedly. According to the latter, the overall and youth unemployment rates are 11.7% and 19.1%, respectively. This is based on the International Labour Organization's standard of 1-hour of work per week. The NBS uses a different variant of ILO's definition of unemployment: the proportion of those in the labour force who are actively looking for work but could not find work for at least 20 hours during the reference week. In other words, you are unemployed if you did absolutely nothing at all, or did something but for less than 20 hours during that period. In addition, the NBS define youth as being those aged 15 to 34, while the ILO-World Bank data cover those aged 15 to 24.

In 2011, 24.8% of Nigeria's youth were not in employment, education or training (NEET), according to the World Bank's World Development Indicators (World Bank 2019). The rates were 19.9% for males and 30.1% for females.

There were noticeable improvements in 2013 and 2016 as the share of NEET youth declined. But the share increased in 2019, reaching 28.1% in total. Again, the rates were considerably higher for young women than for young men at 31% and 25.3%, respectively. The higher rate for young women could be attributed in part to the specific challenges they face as a result of social and traditional norms, including lack of access to education and employment.

The problem of youth unemployment has assumed a dramatic dimension in Nigeria in recent years, as it has been linked to the high levels of insecurity in the country (Egunjobi, 2021). As a result, policymakers are keen to address this challenge, and Federal and State governments have introduced a number of measures to tackle youth unemployment over the years.

The National Employment Policy 2017 encompasses youth employment programmes (YEPs), while the National Youth Policy 2019 integrates a range of youth employment and empowerment initiatives. The Nigerian Youth Employment Action Plan (2021-2024) is the country's most recent national development in this area. Initiated and implemented by the Federal Ministry of Youth and Sports Development, the Action Plan aims to address youth employment challenges in an all-inclusive and harmonized way, and create 3.7 million jobs annually in line with the National Youth Policy. The target beneficiaries are youth aged 15 to 29, and there is a particular focus on digital skills, quality apprenticeships, green jobs and youth entrepreneurship. This aligns with the youth development goals of Nigeria's National Development Plan 2021-2025, which aims to reduce youth unemployment from 42% to 25%.

Recent YEPs include the Subsidy Reinvestment and Empowerment Programme (SURE-P)'s Community Service Women and Youth Employment, and Graduate Internship Scheme; the Nigeria Jubilee Fellowship Programme; Youth Enterprise with Innovation (YouWin!); the Youth Entrepreneurship Support Programme (YESP); N-power; the Youth Entrepreneurship Development Programme (YEDP); and the Nigerian Youth Investment Fund (NYIF). These diverse YEPs aim to address the problem of youth unemployment from different angles. For example, the SURE-P, Nigeria Jubilee Fellowship and N-power programmes focus on the development of employability skills, while the YEDP and the NYIF are business loan/financial support interventions.

2. Description of policy options

There are multiple and diverse policy interventions that aim to address youth unemployment in Nigeria. For the purpose of this policy paper, we have grouped them into six policy options:

- Policy option 1: one-time financial empowerment support programmes
- Policy option 2: credit facilities/loans for youth entrepreneurs
- Policy option 3: financial grants
- Policy option 4: vocational training with financial support
- Policy option 5: employability skills development and internships
- Policy option 6: public works programmes.

One-time financial empowerment support programmes are government programmes that provide youth with one-time financial assistance. However, they are not directed specifically at youth, as other members of the public also benefit. Examples include Nigeria's National Social Investment programmes and the TraderMoni Scheme.

Credit facilities/loans for youth entrepreneurs enable youth to submit business ideas or proposals that are then funded if they are viable. In most cases, the youth selected receive credit facilities or loans to support their businesses. Examples include the YESP and NYIF.

Financial grants for entrepreneurs provide financial support (not loans) for eligible youth. One prominent example was YouWin!. This programme invited Nigerian youth to submit business plans, which were evaluated by experts. The selected business ideas were awarded grant support ranging from NGN=1- 10 million (US\$ 2,170).²

Vocational training programmes with financial support provide selected youth with vocational skills in different areas such as agriculture, construction, fashion, information and communication technology (ICT), and hospitality, followed by financial support to help them apply their new skills. Examples include the Skills Development for Youth Employment (SKYE) programme, and the Basic Entrepreneurship and Skills Training Programme (BEST).

Employability skills development and internship programmes develop the skills of youth by placing them in organizations where they can learn the skills they need to boost their chances of getting good jobs. Examples include the N-Power and SURE-P Graduate Internship Scheme, and the Nigeria Jubilee Fellowship Programme.

Public works programmes provide direct and unskilled jobs for youth for a short period of time, usually no more than three months. Youth are engaged in activities in rural areas such as in construction, sanitation and sewage management.

Table 1 evaluates these policy options against five key policy-relevant criteria:

- Effectiveness
- Inclusiveness - in terms of gender and marginalized groups
- Cost
- Feasibility
- Acceptability.

Information on these policy options is, however, limited, making it difficult to assess or compare them. While some limited evidence can be gleaned from the literature on these programmes, there is no known study that compares them on the basis of our five key criteria. Further research would be useful, therefore, to assess and compare these YEPs to determine the best policy options based on different criteria.

Methodology

This policy paper uses a subjective method to assess these policy options. To understand the impacts of the alternative policy scenarios, we have reviewed the literature on the impact of the different youth employment policies, drawing on a review of studies across different

² Exchange rate as of 21 February 2023.

countries (Kluve et al., 2017); information gathered from stakeholders; and our own value judgement based on our understanding of the local situation.

A policy option is considered to be effective if it achieves the desired outcome. It is inclusive if it has balanced effects on – and is fair to – all groups or enables the incorporation of equity principles in the design. In this particular paper, our focus on inclusiveness is from the perspective of gender and marginalized groups. Cost relates to the financial costs and budget of the policy option. Feasibility is about its practicability and implementability, while acceptability focuses on public opinion and acceptance of the policy.

3. Evaluation of policy options

The evaluation of the policy options against the five criteria is presented in Table 1.

The scores for each policy option are based on the selection criteria and are **ranked from 1 to 6**, with 1 being the best option and 6 the least preferred option.

Table 1: Evaluation of policy options

Evaluation criteria for policymakers	Option 1 One-time financial support	Option 2 Credit/loans for youth entrepreneurs	Option 3 Grants for youth entrepreneurs	Option 4 Vocational training + financial support	Option 5 Skills dev. and internships	Option 6 Public works
Effectiveness (<i>impacts</i>)	5	2	1	3	4	6
Inclusiveness/equity effects (<i>gender, people with disabilities</i>)	2	3	5	4	1	6
Cost (<i>budget</i>)	1	5	4	6	3	2
Feasibility (<i>administrative</i>)	1	6	4	3	5	2
Acceptability (<i>political risk, etc.</i>)	6	3	1	4	2	5
Average ranking	3	3.8	3	4	3	4.2

Source: Authors' analysis.

Based on our evaluation, the best policy option in terms of **effectiveness** is Option 3 (financial grants for entrepreneurs) and the least effective is Option 6 (public works programmes).

For **inclusiveness and equity**, we looked at the policy options from the perspective of their inclusion of women and people with disabilities in their design. From our perspective, Option 5 (employability skills development and internships) appears to be the best in terms of

inclusiveness. This is because the Nigeria Jubilee Fellowship programme aims to ensure that women account for at least 50% of its participants. Options 2 and 3 (credit facilities/loans and financial grants) are based on the quality of the business proposals that are submitted, and there is no major consideration or special preference for women and people living with disabilities if their applications fall short of the eligibility requirements. Option 6 (public works programmes) appears to be the least inclusive option, as such programmes involve physically-draining activities that may not be suitable for women and people with disabilities. Hence, they are largely excluded by the type of activities.

In relation to **cost**, we attempted to use available or assumed budget and cost estimates of the programmes as a guide, but this information was rarely available. We use cost rather than cost-effectiveness or efficiency because we do not have the information needed for a cost-benefit analysis. Therefore, based on our assumption, the least costly policy option is Option 1 (one-time financial support), while the most costly is Option 4 (vocational training with financial support). Option 4 incurs costs for training and then providing financial support to youth as they practice their skills. Option 3 (financial grants for entrepreneurs, such as the YouWin! programme), cost the Government a huge amount of money. Millions of Naira have been given to youth entrepreneurs with no requirement for repayment. A one-time payment is cheaper, much easier to implement and will incur only minimal administrative costs. The limited budget information we have suggests that the N-Power initiative has the largest budget, but this may not mean that it has the highest costs, given that more people benefit from this programme than from the other programmes. There is no available information to enable a cost-per-person analysis.

In terms of **feasibility**, we have used our value judgement based on our understanding of the local context. Based on this, all of the policy options are feasible from an implementation point of view. But their feasibility varies when other factors, such as cost, are considered. Given that there can be different views on the feasibility of these policy options, we have focused on their administrative capability and political perspectives. Option 1 (one-time financial support) is the most feasible, while Option 2 (credit facilities/loans for youth entrepreneurs) is the least feasible in terms of the issues related to the registration of the participants, disbursements of loans, monitoring of the participants' businesses, and repayment of the loans. Considering the political feasibility of the policy options, Options 1 and 6 might be more politically feasible because they are seen as "quick wins" by politicians, for which they can claim credit in the short-term. They are also less complicated to plan and implement. Overall, some of the youth stakeholders and civil society organizations argued that policymakers are not very willing to implement these programmes unless there are visible political gains.

Our evaluation of **acceptability** is also based on our value judgement and understanding of the local context. All the policy options are acceptable from a societal perspective. However, Option 3 (financial grants for entrepreneurs) was seen as the best option and Option 1 (one-time financial support) as the worst option from the perspectives of young stakeholders. Young Nigerians may prefer to receive a large financial grant from the Government that they can use to implement their business ideas. Given that many graduates from tertiary education who are unemployed, Option 5 (employability skills development via internships) is also welcome. Options 1 and 6 (one-time financial support and public works

programmes) are seen as the least acceptable options because of a perception among youth that neither will benefit them in the long term.

Our analysis concludes that no single policy option meets all of the criteria in full. Option 3 (financial grants for entrepreneurs) might be best for effectiveness, while Option Option 5 (employability skills development and internships) seems best for inclusiveness. Option 1 (one-time financial support) may be best for both cost and feasibility, while Option 3 (financial grants) seems the best option for acceptability.

This confirms that there is no 'one-size-fits-all' approach that can address the challenge of youth unemployment in Nigeria, and that the Government may have to adopt a mixed approach to achieve an optimal solution. This is because a policy option that has a limited cost may not have any impact or may not be effective, while a policy option that is more costly may be effective but less feasible.

Our average ranking shows that Options 1, 3 and 5 are the best, followed by options 2, 4 and 6. However, if we prioritize effectiveness and cost as the two most important criteria, Option 3 becomes the best option. The Government should, therefore, identify the criteria that best suit its aims when choosing policy options to tackle youth unemployment. In any case, the cost, effectiveness and impacts of the programme would be important criteria, hence the adoption of policy option 3.

4. Recommendations and next steps

Nigeria's Federal and State governments have formulated and implemented many policies and programmes over the years to enhance youth employment and development. These policy goals are to be achieved through a combination of skills acquisition, financial support, entrepreneurship and the development of employability skills. Our study has, therefore, explored the policy pathways for youth employment by examining a range of policy options.

Prioritizing cost and effectiveness as the two most important criteria, we recommend Option 3 (financial grants for entrepreneurs) as the best policy option. It is important to note, however, that there is not enough information or empirical evidence on the different criteria to allow the full assessment of our six policy options. Therefore, we suggest that more research should be conducted on each of these policy options within the Nigerian context, with comparison of the results.

Meanwhile, we propose the following roadmap.

1. Policymakers may adopt Policy Option 3 (financial grants for entrepreneurs) as it shows the best results in terms of cost and effectiveness. It is important to ensure, however, that inclusiveness is incorporated into programme design and implementation to enable the selection of women and other marginalized groups for participation.
2. Policymakers and programme implementers need to release all information pertaining to Nigeria's youth employment programmes, including information on participants, beneficiaries, budgets and costs.
3. Policymakers or the agencies responsible for the programmes may also commission impact evaluation studies to assess their effectiveness and impacts.

4. Public opinion polls may also be conducted among youth to gauge their perception of these programmes.
5. The lack of available information about these programmes and the inability to compare them is the result of their disjointed coordination. One key suggestion, therefore, is to improve their coordination and management to facilitate access to information.
6. Efforts should also be made to remove political interference in programme design and implementation.

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