1. OBJECTIVE OF THE PILOT/ COUNTRY-LEVEL STUDY

This country-level study looks into further work on skills development for the informal sector by reviewing and assessing the skills development programs being run by non-state organizations, trade associations, private agencies and master crafts persons in Nigeria. The main objective of the study is to review the effectiveness of the current skills development and employment promotion practices and programs of the informal sector in Nigeria.

2. DESIGN OF THE ACTIVITY

- Inventory of programs aiming to improve skills development in the informal sector
- In-depth assessment of selected institutions providing informal sector skills
- Measurement of impact of informal sector skills development on income and employment of ex-participants of select institutions
- Policy recommendations

3. DESCRIPTION OF METHODOLOGY (IF APPLICABLE)

Nature and Sources of Data
The team chose to utilize qualitative and some degree of quantitative research methods, using in-depth interviewing as a research technique, due to the complex nature of informal sector activities in Nigeria. The research technique was chosen for the collection of data from about 160 respondents. The first set of interviews involved 84 state organizations, and 76 non-state organizations. The second set covered ex-participants or beneficiaries of 5 selected non-State programs in order to determine their employment and income profile.

Sample Size, Sampling Procedures and Coverage
The study was establishment based. Purposive sampling procedure was used to select states and cities studied from the six geo-political zones of the country. In each state/city, inventory of state and non-state run programs aiming to improve skills development in the informal sector was taken.

Data Collection
The data collection exercise took place between January and February 2009. One monitor, four principal investigators and sixteen research assistants covered the six states and FCT for the investigation.
Program Selection Procedure
At the end of the inventory of the state and non-state run programs with a focus on skills development in the informal sector at the selected locations, nine programs and then five (in round 2) were mapped based on quality assessments by the implementing team and participants. The assessed programs include: Technical and Vocational Education and Training (TVET); Adult Literacy programme; Second Chance Education; Entrepreneurship Education; Vouchers for skills Development; Training fund subsidies for micro and small Enterprises and Training of Mastercrafts persons. The selected programs were analyzed and qualitatively evaluated (interviews of participants on impact on employment and income).

4. COORDINATION: DIALOGUE WITH OTHER INTERNATIONAL INSTITUTIONS/ SOCIAL PARTNERS

As a result of the study the Bank (country office) has developed new relationships with a range of institutions, including the Ministry of Labor, the National Directorate of Employment, the Industrial Training Fund, the National Board of Technical Education, the National Youth Service and the Nigerian Employers’ Consultative Association. In addition, the country team was invited to participate in the Employment working group under Nigeria’s “Vision 2020” Secretariat.

5. KEY FINDINGS (AS OF DEC 2009)

The study has revealed that improving the skills of informal sector workers is key to increasing their ability to access gainful self-employment productivity and income. The informal sector workers in most cases operate in micro-enterprises engaging between one and ten employees. The training requirements of participants in the informal sector differ fundamentally from those who participate in the formal sector. Informal sector operators have little or no education and often operate in the poorer parts of urban areas as well as in rural areas. The methods of skills acquisitions in the informal sector are diverse and varied according to the size and quality of tools available and the ability of the master craftsmen. Hence, watching the master and later applying the trial and error technique take the priority in apprentices learning procedures. As a result of this, it could be established that initiative learning dominates the process of skill acquisition and development in the sector. This is why it is necessary that skills development programme for them need to be flexible, targeted to practical and adapted to the diverse characteristics and educational levels of trainees with input and funding from governments.

The analysis also shows that the informal sector which trains a vast majority of young people in Nigeria does so with its own resources (personal savings) while the national budget on education and training is almost exclusively spent on job training for a minority of young people who will struggle to find a job in the formal sector. The issue of funding is fundamental to the quality of training in the informal sector. As observed, a fragmented approach is presently taken for the provision of training for the informal sector in Nigeria. A number of institutions, both state and non-state, offer training in the same disciplines and skills and there is little evidence that much co-ordination takes place between them. A more coordinated approach is needed in the provision of skills training in order for skills training to coalesce around national economic goals. The analysis of training programmes shows that they stand greatest chance of leading to employment generation if they are part of a broad monitoring process and support systems.
6. **ANTICIPATED POLICY IMPACT***

The country-level study fed into The Nigerian "Vision 2020" document with a number of key recommendations:

1. The Nigerian national strategy ("Vision 2020") document notes the importance of substantially raising the contribution of the manufacturing sector to Nigeria's growth.
2. To this end, it urges *targeted* interventions in *specific geographic areas* aimed at value chains with the highest growth and employment potential, including solid minerals, ICT, agriculture and food processing, wholesale/retail and leather. The report lays out geographical areas and the sectors on which they should focus.
3. One key recommended intervention is the development of clusters that would not only offer better infrastructure (power, transport), but also targeted skills development and bureaucratic facilities, and that may offer a comprehensive and integrated package to attract and support investors.
4. The report identifies the petroleum subsidy and import bans as key distortions of Nigeria's economic system, and urges their *immediate* removal. For import bans, it bluntly states that they have been ineffective and should be replaced by tariffs of **10 or 20 percent**. The latter is particularly striking as such low tariffs were rejected by the Budget Director as politically impossible.
5. The report urges a fundamental reform of skills development to respond to the needs of sectors with the highest growth potential. In that respect it endorses the recommendation to use private-sector driven approaches, such as the Innovation Enterprise institutions (IEI'). It also strongly recommends comprehensive labor market monitoring.

7. **MAIN OUTPUTS AND DISSEMINATION**

- Final report (and possible book publication)
- Article in Nigeria's largest newspaper summarizing the book's main findings and holding of a subsequent summit on the book
- Further dissemination events are currently ongoing

8. **NEXT STEPS TOWARDS COMPLETION**

Study has been completed.

* What impact did the labor market study and/or other deliverables under this project have on the policies and/or programs of the government? Please cite specific examples of new elements introduced into the PRSP, labor law reforms under consideration, new ALMPs, reforms in TVET, etc. that demonstrate a policy impact.