Nigeria's Youth: Turning Challenge into Opportunity

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March 4, 2011 - FUTO, Owerri, Nigeria
Outline of Presentation

- Introduction and Acknowledgement
- Nigerian youth: the challenge
- An Agenda for Action
- Youth employment – the opportunity
- Conclusion
Nigeria's youth: turning challenge into opportunity.
The Need to focus on Nigerian youth

- Youth Employment is an Important Issue.
- Youth are the most powerful conduit of discontent.
- Inability to take one’s place in society leads to deep disenchantment.
- Unemployed youth as a destabilizing factor.
- No value can be more important than a job.
Youth in Nigeria

- Youths are persons between ages 18 to 35 years.

- Youth of 18 years old is legally considered an "adult" with voting rights.

- In this paper, "Youth" is defined as person between the ages 18 and 24 years.
The Nigerian State

Nigeria is among the poorest countries in Africa....

GDP Per Capita US$ 2006

54% live on less than US$1 per day

1/3rd of children malnourished
The Population of Nigeria

…but it is also one of the most important countries in Africa

Almost a quarter of Africa’s population is Nigerian
Whether Africa meets the MDGs depends on what happens in Nigeria
Oil represents 97% of export revenues and 85% of government revenue.

The Nigerian Economy

The Nigerian economy remains heavily dependent on oil.

Oil represents 97% of export revenues and 85% of government revenue.
Nigerian Youth: Emerging Challenges

- Youth unemployment is a global menace.

- Youth unemployment on the continent is now assuming crisis proportions: Tunisia, Egypt and beyond.

- Urgent need to take action.
Nigerian Youth in Perspective

- Youth constitute a formidable demographic force: 66% of Nigerians are under 30.

- The well being of the Youth has deep implications for society: disenchanted vs. driving the future

- To allow youth drive the future we need re-thinking of policies, re-assessment of priorities, commitment of adequate financial resources, and effective implementation of programs.
Many writers see youth as a potentially destabilizing force, especially in African countries.

- Kaplan (1994) describes the “out of school, unemployed male youth” as “loose molecules in an unstable social fluid that threatens to ignite”.
- Some African writers see cities as places of immense cruelty.
- Such characterization can, however, lead to dangerous generalizations.
- Henrik Urdal (2006) argues that youth bulges provide greater opportunities for violence.
- Jared Diamond (2006) presented evidence to show that the genocides in Rwanda and Burundi were responses to rural overcrowding and an unsustainable demographic explosion.
- Without jobs many youth are effectively excluded from mainstream society.
- Youth employment is seen as a vital ingredient in maintaining social stability.
Dimensions of Youth Problems

- If young people are provided with employment opportunities they will be productive assets: *drive the future*
- If this opportunity is not forthcoming there is a chance that disaffected youth will quickly turn to crime and violence: *disenchantment*
- The societal readiness dimension.
- The labor markets dimension.
Intercontinental Bank in Nigeria holds a recruitment test. 10,000 Applicants show up for 15 places. They had to be tear-gassed by police to disperse the crowds.
Issues on Societal readiness

- Delay in Graduating from the University.
- Quality of education received.
- Students spend more time outside the university than within.
- When out of the university campuses, they are idle as there is no employment or meaningful voluntary job.
- High opportunity cost and risk of getting engaged in crimes.
Still on Societal Readiness

- Each year about one million candidates pass the UME/JAMB.
- About 200,000 (20%) of qualified students get admitted to all the universities in Nigeria.
- The remaining 800,000 - all qualified with adequate number of required WAEC credits - will keep trying or another 3-5 years.
- This has huge monetary costs and it leads to frustration and psychological damage to the youth.
- The greatest pain is the long wasted years of searching for non-available jobs after graduation.
- Young graduates are often abused, especially the women.
The rate at which young people find jobs depends on how prepared the labor market is to receive them, and how ready they are for the labor market.

- No nation has achieved a technological and socio-political advance where less than 15% of its qualified young citizens have access to tertiary education.
- There is need to fundamentally address the skills gap, as well as the skill mismatch.
### Table 1: NIGERIA UNEMPLOYMENT RATES BY AGE GROUP AND SEX (March 2009)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Unemployment Rate</th>
</tr>
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<tbody>
<tr>
<td>15-24</td>
<td>41.6</td>
</tr>
<tr>
<td>25-44</td>
<td>17</td>
</tr>
<tr>
<td>45-59</td>
<td>11.5</td>
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<tr>
<td>60-64</td>
<td>16.7</td>
</tr>
</tbody>
</table>

**Gender Analysis**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>17</td>
</tr>
<tr>
<td>Female</td>
<td>23.3</td>
</tr>
</tbody>
</table>

**Source:** National Bureau of Statistics

*The survey also confirmed that the rate of unemployment was highest in the eastern states.*
Youth Unemployment: An Analysis

- Size of the population and the high proportion of youth.
- Inadequacies of existing government programs:
  - The National Directorate of Employment (NDE)
  - National Youth Service Scheme.
- The get rich-quick syndrome among the youth.
- These issues must now be confronted by government and society at large.
Youth Unemployment, Tertiary Education and Public Sector Jobs

- In OECD countries the unemployment rate decreases with the level of education (O’Higgins, 2001).
- In developing countries it has been argued that the better educated can experience higher unemployment rates.
- The premise is that youth from more privileged backgrounds focus their job search on public sector positions.
- Poorer educated youth tend to seek work in lower paid, poorer quality jobs in the informal economy.
Educated Youth and Public sector Jobs

Public sector jobs in particular attract queues.

- While salaries in the Nigeria public sector are low, opportunities both for rent seeking and running business activities on the side are high.
- This has created strong incentives for youth to go to universities to enable them to pursue such openings.
- While at university, students may choose subjects attractive for the public sector rather than go for subjects demanded by the private sector.
Youth Skills and Training

Skill mismatch occurs, where educated youths fail to acquire the skills that are demanded by the labor market.

- The determinants of skill mismatches include:
  - The type and quality of curriculum.
  - Career and academic advisory services.
  - Admission and evaluation policies.
  - The role of faculty boards and employers’ associations in the delivery of education services.
Skills mismatches

- Skills mismatches are exacerbated both by rapidly changing skills needs, and by the reluctance or inability to update university courses.

- Basic skills in information technology are now essential for young people.

- Need to combine formal education with work-based training.

- This combination can either be sequential or undertaken concurrently.
An Agenda for Action

- Infrastructure is key for jobs: focus on employment intensive clusters first.

- Every Naira spent on education, health and other basic services must deliver results with value for money.

- Improving the investment climate can have a significant impact on the young by creating more and better jobs.
**Investment Climate**

- A poor investment climate limits the rate at which new businesses start and grow.

- New investments must be targeted at improving the human skills base of Nigeria.

- It is not just inappropriate rules and regulations.

- Business growth and job creation could be severely constrained by poor infrastructure and limited access to finance and other business services.

- Cost of running electricity generators increase the cost of production.
Youth and Weak investment Climate

- The burdens of a weak investment climate, fall more heavily on the Youth.
- Without the networks and experience of their elders, youth will find it difficult to get the required support for their operations.
- Systems such as entrepreneurial training, incubation grants and guides to accessing services seek to minimize those constraints in more developed economies.
- Another important policy direction is in targeting youth based sectors for development.
Targeting Youth based sectors

- Need to focus on sectors in which most of the youth are currently employed and others in which the youth could be employed in the future.

- Parameters to consider in the analysis should include:
  - Employment intensity.
  - Staff profiles.
  - Export earnings.
  - Industry growth rates.
  - Key drivers.
  - Long term enablers.
  - Taxation potential and
  - Skills levels of workers required, amongst other things.
An analysis of the youth based sectors can be mapped against two criteria.

- The potential to offer strong upside in terms of growth, employment and spillovers.
- The feasibility of successful interventions.
- Four leading youth based sectors identified:
  - ICT.
  - Entertainment.
  - Tourism and hospitality.
  - Agriculture.
Call center operations mainly employ school leavers and young graduates.

Investment in IT parks, smart villages and incubators.

Initiatives with private sector investment and management are the most successful.
Entertainment Industry

- Music and films jobs are heavily dominated by youth.
- Hollywood is the second largest component of American exports.
- Nigeria’s Nollywood, is the most prolific in the world producing no fewer than 40 movies per week.
- Piracy deprives the industry of up to $1 billion in revenue annually.
- Government should help to:
  - Strengthen formal marketing and distribution channels together with the private sector.
  - Work towards increasing access to equity and loan finance.
  - Host film festivals.
  - Support the organization and mobilization of a strong industry body.
Entertainment Industry
**Hospitality (Tourism and Restaurants)**

- The largest employers in the US are the Army and the US Postal Service but in the private sector it is Wal-Mart and McDonalds.

- Countries that can attract international tourists can earn foreign exchange; provide young people with jobs and exposure to international best practices in services, marketing and sales and management.

- The private sector need to mobilize for product delivery service standards (establishing the star rating system) and package deals as well as joint marketing and promotion.
Hospitality Industry
Agribusiness Sector

- Agriculture accounts for 40% of GDP in Nigeria, and probably employs a higher absolute number of youth than any other sector.
- Lack of supporting infrastructure makes production and transport of agricultural goods to market unviable.
- Under-utilized land, and technological development, suggests a strong potential for employment.
- Value addition beyond crops creates even more opportunity.
Youth Employment – The Way Forward

- Skills training and vocational education have taken center stage in the vast majority of interventions to date.
- These training programs have shown mostly disappointing outcomes.
- Direct job creation programs in the public sector have led to wasted resources.
- Youth unemployment in Nigeria is more of a demand side problem: there are not enough jobs to go around.
Demand side issues

- Washington consensus: countries that achieve macroeconomic stability will grow quickly and therefore create jobs.
- This is now recognized as necessary, but not sufficient.
- Need to targeted support to specific sectors with strong employment growth potential to avoid “jobless growth”.
What can policy-makers do?

- Human Development interventions
- Protect and develop gains in macroeconomic stability.
- Develop a financial market that supports SMEs.
- Create a labor market that works better for the young.
- Establish a conducive investment climate for the young.
- Invest in youth-specific sectors.
- Work with private sector to modernize the curriculum and sponsor programs that will prepare the youth, for the job market.
What should the private sector do?

- Develop functional industry associations.
- Industry associations to work with public sector to determine the skills and job market failures and put together a plan of action for overcoming them.
- Undertaking cluster based training to ensure effective industry relevant skills acquisition.
- Promote increased private sector partnerships with the tertiary and vocational education sectors.
- Get involved in creating and delivering entrepreneurship programs.
What the World Bank and other partners can do

- Move from only supply side interventions to include demand side.
- Assist to develop the financial sector.
- Support the improvement of the Investment Climate.
- Invest in growth pole and value chain projects.
- Improve monitoring and evaluation of youth employment programs.
- Work with national programs to improve Public-private linkages.
- Encourage South-South learning.
- Target gender based programs.
Future Outlook

- Achieving Vision 20:2020 would not only require sustained growth of 13.8% per year, but will also demand citizens with globally-competitive skills.
- While there are challenges, Nigeria also has proven potentials.
  - A dynamic private sector.
  - A vibrant civil society.
  - Strong potential in mobile technology innovation and ICT.
  - Strong in the service sector.
- The ingredients for a rebound are in place.
Who will do it?

- We all need to be part of the solution.
- Not just the government’s problem.
- Our communities must get involved.
- Our schools and colleges must wake up to the challenges.
- We must realize that when we save our children, we save ourselves.
- The solutions to adult problems tomorrow depend, in large measure, on how children grow up today.
Message for the Youth

- You must learn how to leverage ICT.
- You must have a high level of creativity and innovation.
- Acquire strong skills in the following areas.
  - Business planning.
  - Finance and accounting.
  - Ability to create new and innovative marketing plans that utilize modern communication technology and ICT.
A Call for attitudinal Change

Desired attitudes for Nigeria Youth should include:

- Respect for democratic principles.
- Learn that life is partnership.
- Imbibe the spirit of collaboration, inter-existence and collective survival of all.
Still on Attitudinal Change

The biggest change that our youth need to make is in their mindset;

- Shifting from job seekers to job creators;
- From writing good bios to writing great business plans.
- Transitioning from being provincial to thinking regionally and yes, even globally;
- From waiting for change to becoming the drivers of change.
- Do not wait for the Government to solve your problem.
- Shun easy-way-out life option.
Character is Destiny

- Remember that you, the Youth, are the future of Nigeria: make it as you want it to be!
- Our youth’s role model should be in the caliber of Sergey Brin, co-founder of Google, who said, “Everyone wants to be successful, but I want to be looked back on as being very innovative, very trusted and ethical and ultimately making a big difference in the world.”
- You have all you need within you to create the Nigeria of your dreams, starting now!
Thank you!!!!!