

NIGERIA: LABOR MARKET TRENDS & SKILLS DEVELOPMENT

VOLKER TREICHEL
Lead Economist, World Bank.

Methodology

- ▶ General Household Survey and Nigeria Living Standard Measurement Survey
- ▶ Study defines the labor force as a person who was classified as
 - (a) Worked for pay;
 - (b) got job but did not work;
 - (c) Worked for profit
 - (d) on attachment but did not work
 - (e) apprenticeship
 - (f) did nothing (sick; looking for a job; believed no job was available; laid off 30 days or less; waiting to begin work)

Structure of Labor Force –2003/04

- ▶ 74 percent of 15–65 year old is in the labor force
 - ▶ 26 percent is not in the labor force
 - ▶ Among those in the labor force more than 98 percent are employed, the rest is unemployed (unemployment is defined as involuntary unemployment)
 - ▶ Number of females out of the labor force twice as high as those of males
- 

Labor Market Trends

- ▶ Decline in formal wage jobs over 1999 – 2006; notably public sector wage jobs– only 10 percent of the labor force was in wage employment in 2006 down from 15 percent in 1999;
- ▶ Decline also in non-agricultural self-employment;
- ▶ Increase in employment in family agriculture;
- ▶ Among the young, share of family agriculture almost doubled from 1999–2006;
- ▶ By 2006, share of the young outside labor force had increased appreciably;
- ▶ At variance with trends in most of SSA.

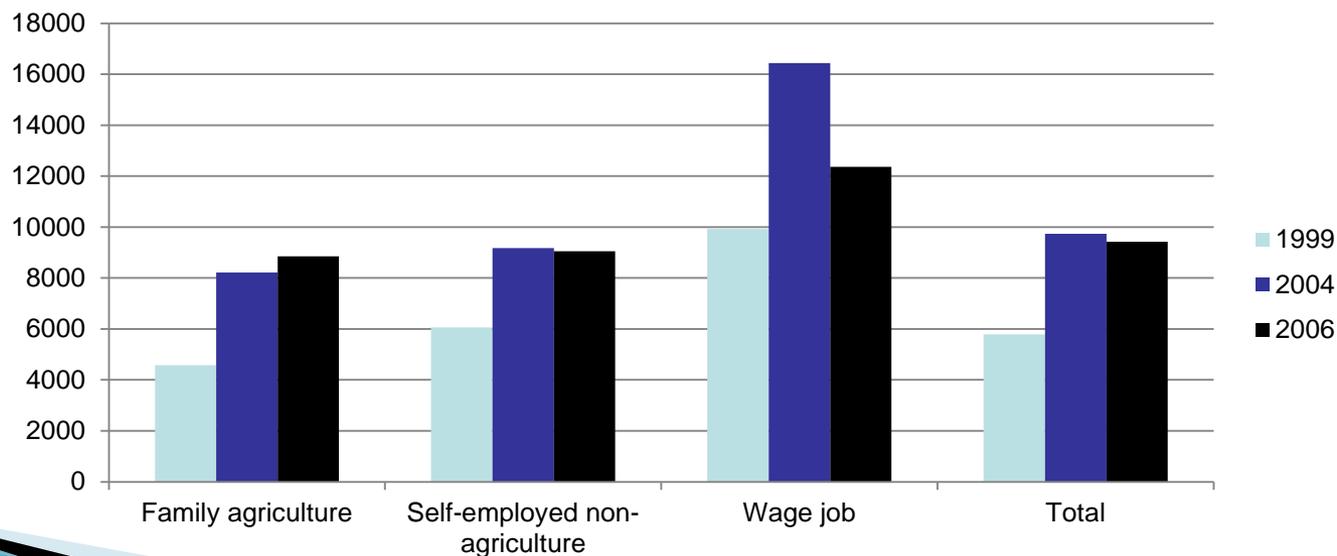
Labor Market Trends

- ▶ Major structural change in Nigeria's labor force is a shift *into* agricultural employment and a shift *out of* wage employment.
 - ▶ 20 percent of wage jobs in the private sector; 60 percent in the public sector and 10 percent NGOs or international organizations.
 - ▶ With the decline in the number of wage jobs, return on education has been falling.
- 

Performance of Labor Market

- ▶ Incomes rising fast, especially in the agricultural sector and in the lowest income bracket , but also in the urban sectors.
- ▶ Extreme poverty is likely to have fallen.

Mean Earnings by Employment Type (constant naira, weighted)

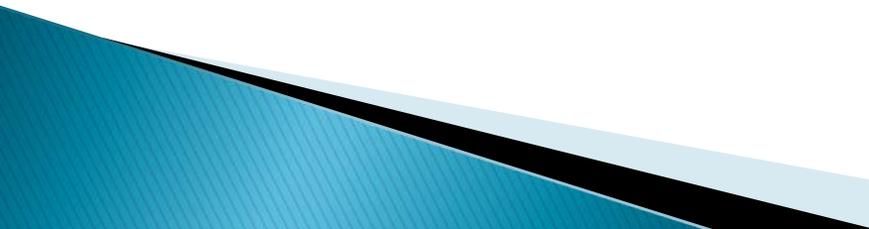


Skills Development Landscape

- ▶ Skills Development aspect of Study assessed the various modes of skills acquisition relevant for the informal sector and examined how policies could become more effective at promoting skills acquisition within this sector; given the slow growth of formal sector employment opportunities.
- 

Skills Development Landscape

GENERAL FINDINGS:

- ▶ Formal education system favors general education above vocational education;
 - ▶ Government strategies for skills development are either response to a crisis or temporary social measure to tackle unemployment;
 - ▶ Existing programs lack appropriate funding, use outdated curricula and are short of qualified teaching staff;
 - ▶ There is limited horizontal coordination across different ministries/agencies and vertically between federal and state;
- 

Skills Development Landscape

- ▶ Implementation strategies not based on timely or accurate labor market information;
- ▶ Absence of transparent quality assurance mechanisms;
- ▶ Absence of mechanism for recognition of skills acquired in the informal sector

RECOMMENDATIONS:

- ▶ Re-prioritization of government's resource allocation to TVE stream of the education system;

Skills Development Landscape

- ▶ More strategic design of policies for skills development – must be geared towards growth and anticipated growth areas;
 - ▶ Development of coherent National skills development strategy and better coordination of implementation;
 - ▶ Public–Private Partnership: Private–sector led, but government standardizes and accredits;
 - ▶ Establishment of more appropriate regulatory and institutional framework – speed up creation of National Vocational Qualifications Framework (NVQF).
- 