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**Youth Employment, Agricultural Transformation, and
Rural Labor Dynamics in Nigeria**

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INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

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ABSTRACT

Youth employment in developing countries, particularly in connection with agricultural transformation policies in Africa south of the Sahara, has attracted a great deal of attention in recent years. The debate on youth unemployment globally—and specifically in Africa—hinges also on the differential pattern of structural change of economies, which works against the creation of “good” jobs. Although the proportion of unemployed youth in Nigeria has decreased in recent years, the percentage remains high. One recent government effort, the rather ambitious Agricultural Transformation Agenda, was geared (among other things) to promoting employment opportunities for youth in the agricultural sector. The youth employment issue is an important part of the current agricultural policy agenda of the new Federal Government of Nigeria. Against this background, the paper presents a comprehensive national and sectoral growth analysis of youth labor and employment trends in Nigeria, with a particular focus on agriculture and the rural nonfarm economy. It provides insights into the drivers of youth unemployment and underemployment, and discusses the prospects for job creation for youth in the agricultural and the rural non-farm sectors. The paper concludes with a discussion of prospects and policies for enhancing youth employment in the Nigerian agricultural sector, of particular interest to policymakers in Nigeria but also to those interested in youth unemployment in the developing world.

Keywords: youth employment, agricultural transformation, youth employment policies, Nigeria

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1. INTRODUCTION

Issues related to youth employment in developing countries, particularly those connected to agricultural transformation policies in Africa south of the Sahara, have attracted much attention in recent years (see Headey, Bezemer, and Hazell 2010; Henley 2012; Brooks, Zorya, and Goyal 2013a, 2013b; Resnick and Thurlow 2015; and Collier and Dercon 2014, among others; Adesugba and Mavrotas [2016] also provide a discussion of these issues).

At the same time, recent years have witnessed a demographic transition across many developing countries from high to low levels of fertility and mortality, and migration to urban areas. An important development associated with this transition is the decrease in dependency ratios in rural areas—a demographic dividend that can enhance growth. Conversely, migration to urban areas results in labor shortages in the agricultural sector, which in turn may lead to greater mechanization and higher wages (Keats and Wiggins 2016).

The debate on youth unemployment globally, and in Africa in particular, hinges also on the differential pattern of structural change of economies, which works against the creation of “good” jobs (McMillan, Rodrik, and Verduzco-Gallo 2014; McMillan and Rodrik 2011). Despite economic growth, structural change in Africa is still minimal and, for the most part, fails to create high-productivity jobs. It has been suggested that one of the reasons for low labor productivity in Africa is its comparative advantage based on the exploitation of natural resources. As McMillan and Rodrik (2011) rightly argue, countries with such an advantage face the risk of an underdeveloped process of structural transformation that results from an overdependence on natural resources for development.

The proportion of unemployed youth in Nigeria has decreased in recent years owing to the creation of more targeted job programs. Yet, the proportion of unemployed youth is still high. One recent government effort has been the implementation of the rather ambitious Agricultural Transformation Agenda (ATA), which aims, among other things to promote employment opportunities for youth in the agricultural sector.¹ Although this sector employs about 70 percent of the labor force, it accounted for only about 22 percent of the GDP in 2013, suggesting that productivity and incomes in agriculture are very low (NBS 2015a). It is also notable that until the early 1970s, Nigeria was self-sufficient in food production and had a small surplus for export. Agriculture was the main foreign exchange earner but stagnated thereafter for a number of reasons. Chief among these were the discovery, exploitation, and export of oil and a deliberate policy to shift resources from agriculture to industry (Oyejide 1986). Because agriculture employs an overwhelming share of the Nigerian labor force, the stagnation of this sector resulted in an increased poverty rate (headcount measure at \$2.00/day consumption), from 28 percent in 1980 to 68 percent in 2012.

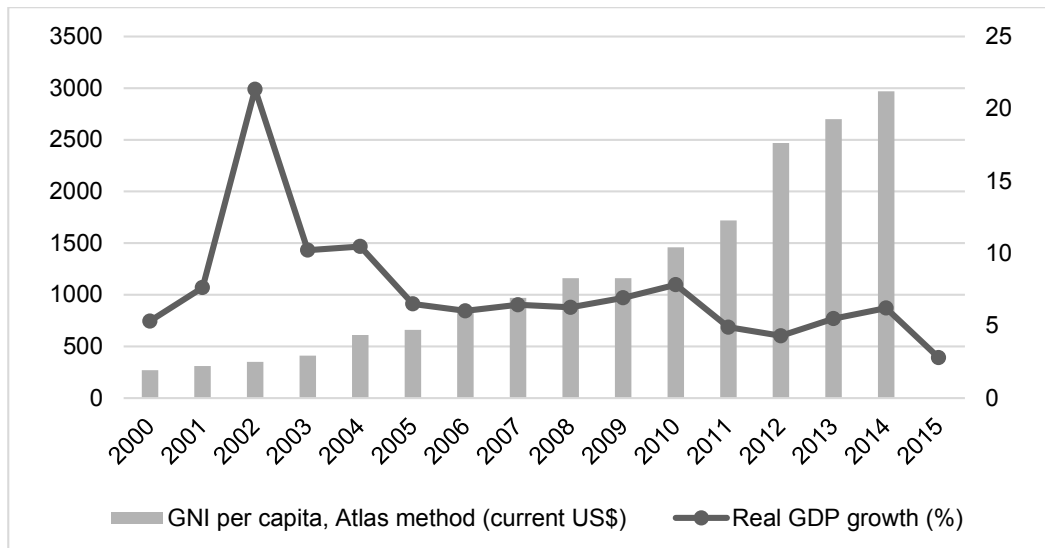
Against this background, this paper presents a national and sectoral growth analysis of youth labor and employment trends in Nigeria. Its particular focus is on youth employment in agriculture and the rural nonfarm economy. In addition, we provide further insight into the drivers of youth unemployment and underemployment, and discuss the prospects for job creation for youth in these sectors. The remainder of the paper is organized as follows: Section 2 deals with issues related to demographics in Nigeria, and Section 3 discusses the key characteristics of Nigerian youth along with the fundamental drivers of youth unemployment. A brief overview of the natural resource “curse” and Dutch Disease issues in Nigeria is presented in Section 4. Section 5 focuses on the rural nonfarm economy and discusses the primary constraints to youth employment in the agricultural sector; also covered are issues related to youth migration patterns and the urbanization process in Nigeria. The last section concludes the paper by exploring some of the prospects and policies for enhancing youth employment in the Nigerian agricultural sector.

¹ See Babu et al. (2014) and Babu and Mavrotas (2014) for further discussion.

2. NATIONAL GROWTH, POPULATION DYNAMICS, AND YOUTH EMPLOYMENT TRENDS IN NIGERIA

Nigeria recently became the largest economy in Africa after rebasing its GDP in 2014, using 2010 as the base year. The largest country (by population and size of the economy) in Africa, Nigeria has abundant and rich agricultural resources, human capital, and a very diversified and rich natural resource base. As shown in Figure 2.1, the Gross National Income has steadily increased. At the same time, however, the economy has been influenced by developments in the global economy since it depends on oil exports for most of its revenue. Global oil prices fell by about 70 percent between 2014 and 2016 alone. This added further pressure on the revenue side for countries like Nigeria that depend almost solely on oil and gas exports for almost 70 percent of their revenue. Economic growth in 2015 was 2.97 percent, down from 6.22 percent in 2014; this is projected to increase to 5.61 percent in 2019, with an average growth rate of 5.41 percent annually (NBS 2015a). In recent years, growth has been driven primarily by the service and agricultural sectors, with almost 70 percent of the overall growth attributable to both sectors. The growth rate of the industrial sector increased slightly in 2014 and then dropped in 2015. Year-by-year data show that the growth rate of Nigeria's GDP in recent years has been lower than in previous ones (Figure 2.2). The rate of growth in the industrial sector is declining, with recent figures showing further decline in the growth of the industrial sector. The agricultural sector continues to contribute, on average, 23 percent to Nigeria's GDP, while the industrial and service sectors contribute 24 percent and 52 percent, respectively. The industrial sector (mining, manufacturing, and construction) provides less than 15 percent of the wage jobs in Nigeria.

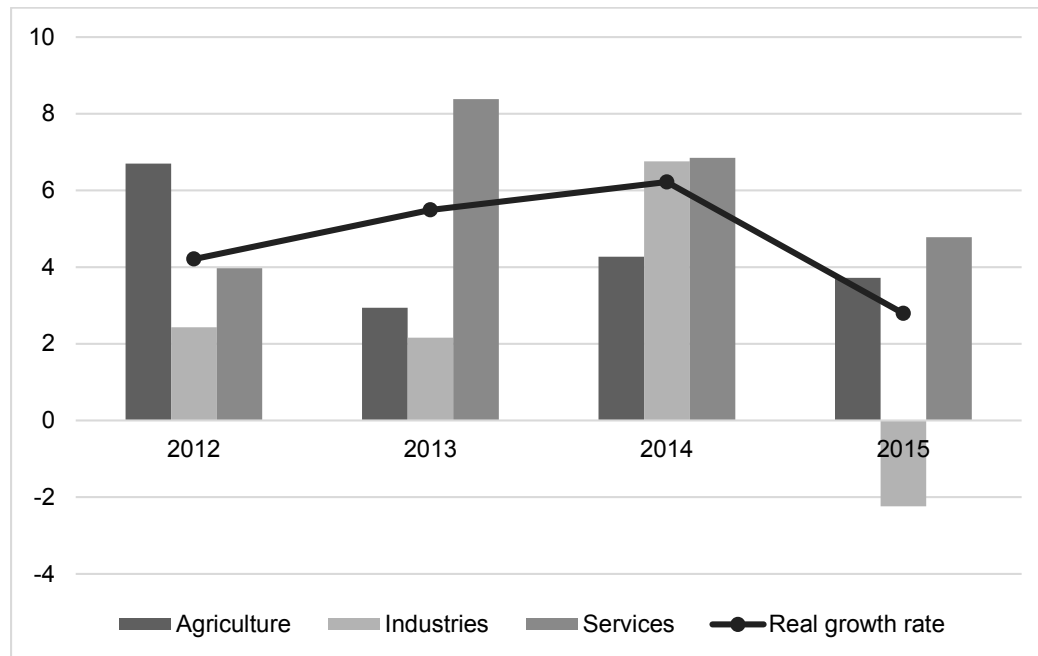
Figure 2.1 GDP annual average rate of growth (%) and GNI per capita, Atlas method (current US\$)



Source: Annual Abstracts of Statistics (Nigeria, NBS 2012a), Nigerian Gross Domestic Product Report, (Nigeria, NBS 2015a), World Development Indicators (World Bank 2015).

Notes: GDP = gross domestic product; GNI = gross national income.

Figure 2.2 Real growth rate by sector (%)



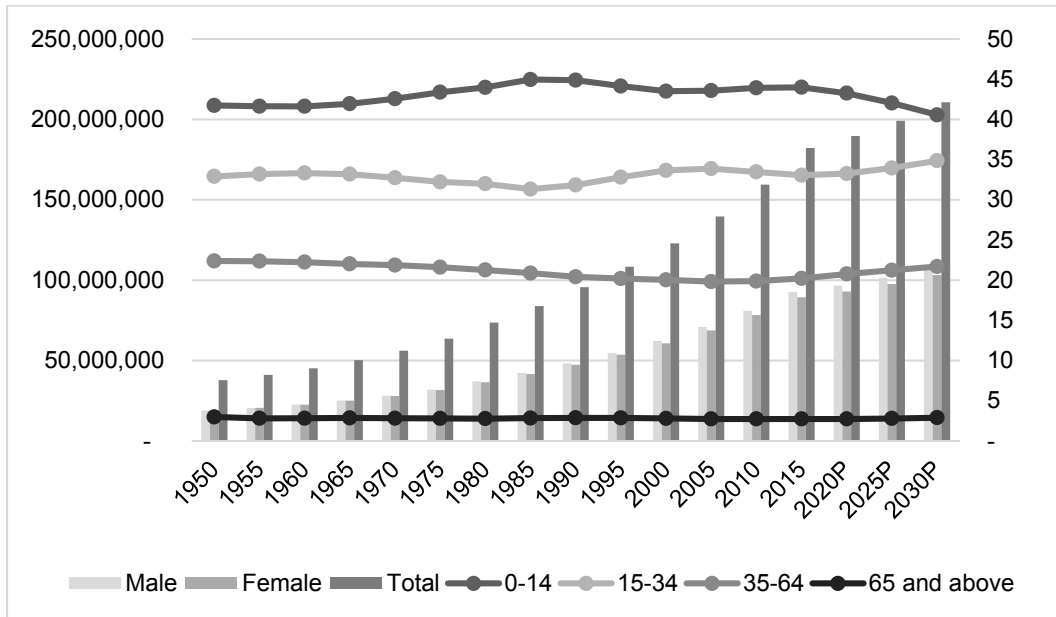
Source: GDP Quarterly Report 2010–2015 (Nigeria, NBS 2015a).

Nigeria's Population Dynamics

Nigeria's population is growing rapidly and is expected to continue to increase over the coming years. In 2013, the population was estimated at 174 million (50.5 percent male and 49.5 percent female), with a growth rate of 3.2 percent and a projected population of 221 million by 2020 (NBS 2012a). Those between the ages of 15 and 34 constitute about a third of the population. This part of the population continues to increase as the proportion of youth under age 15 grows annually as a result of declining child mortality and increased fertility rates. This development underscores the need for increasing the availability of jobs for young people in the near future. In terms of the state-level population, in 2013 major cities such as Lagos, Kano, Port Harcourt, Ibadan, Abia, and the Federal Capital Territory saw a high influx of youth. Moreover, most urban cities in Nigeria generally have a higher proportion of youth as compared with rural areas. The growing urbanization of these states and other urban areas places a heavier burden on the infrastructure and demands additional resources. It also leads to an increasing decline of the rural economy in Nigeria.

With increasing population trends, poverty in Nigeria is also increasing. According to the National Bureau of Statistics' (NBS's) Nigeria Poverty Profile for 2010, the incidence of poverty rose from 54.4 percent in 2004 to 69 percent in 2010. An estimated 112 million people lived in poverty in 2010. The proportion of those in the extremely poor group increased from 6.2 percent in 1980 to 38.7 percent in 2010. Rural areas and the northern parts of Nigeria have a higher incidence of poverty than urban areas. The level of inequality, as measured by the Gini Coefficient, increased by 4.1 percent between 2004 and 2010 and was higher in rural areas (NBS, 2010a). While overall development of the infrastructure in Nigeria has been slow compared with that of other developing countries with similar characteristics, in most urban areas it is still better than in most rural areas.

Figure 2.3 Population trends and age distribution in Nigeria (%)



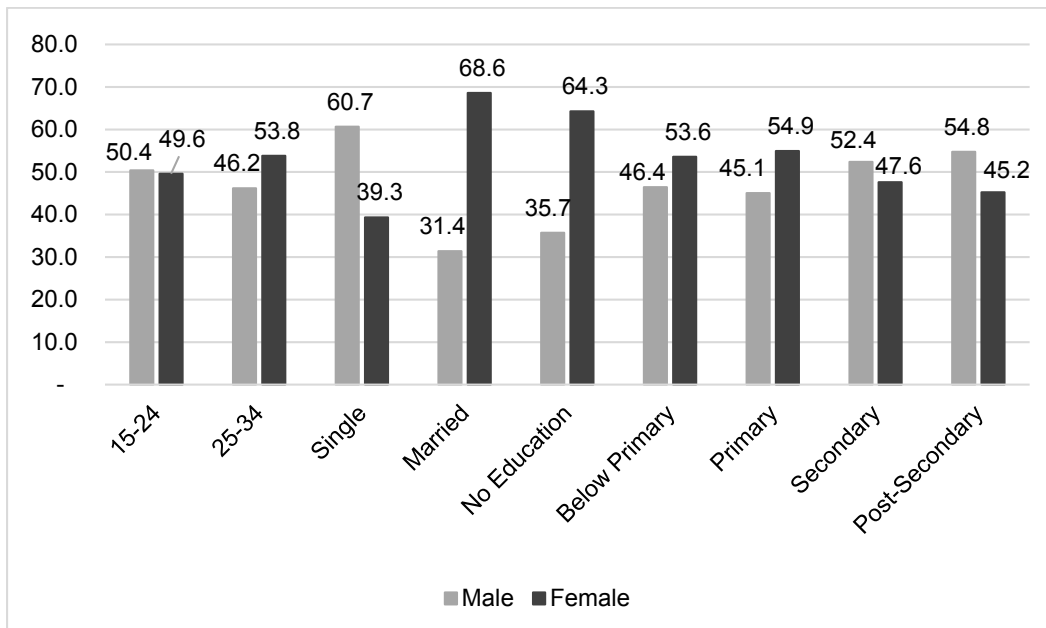
Source: World Population Prospects 2015. United Nations, Department of Economic and Social Affairs, Population Division (2015).

Notes: P=Projections.

3. CHARACTERISTICS OF NIGERIAN YOUTH

Males and females in the age range of 15 to 34 are estimated to constitute more than one-third of the Nigerian population. Youth make up the largest proportion of people in Nigeria, with a gender distribution of 51.6 percent female and 48.4 percent male. Based on the 2012 baseline survey by the NBS and the Ministry of Youth Development (MYD), 61 percent of male youths were single while 39 percent were married (Figure 3.1). The largest proportion of youth in Nigeria reside in the urban areas of Lagos in western Nigeria, followed by Kano in the North, with more than 11 percent of youth in Nigeria residing in both states. Female youths made up the highest proportion of married individuals, while 31 percent of males were single. A total of 17.53 percent of youths in Nigeria had no education, and 4.3 percent never finished their primary education. Some 15.35 percent had tertiary education, while 49.38 percent and 13.48 percent had secondary and primary education, respectively. More precisely, 64.1 percent of youth between the ages of 15 and 19 were in school, and 21.3 percent had never been to school. Among those between the ages of 20 and 24, 23.2 percent had attended school, while 20.2 percent never attended. Only 9.0 percent of youth 25 to 29 years old were currently in school, and 28.4 percent had been to school before. In the same vein, only 4.3 percent of youth between the age of 30 and 34 were currently in school.

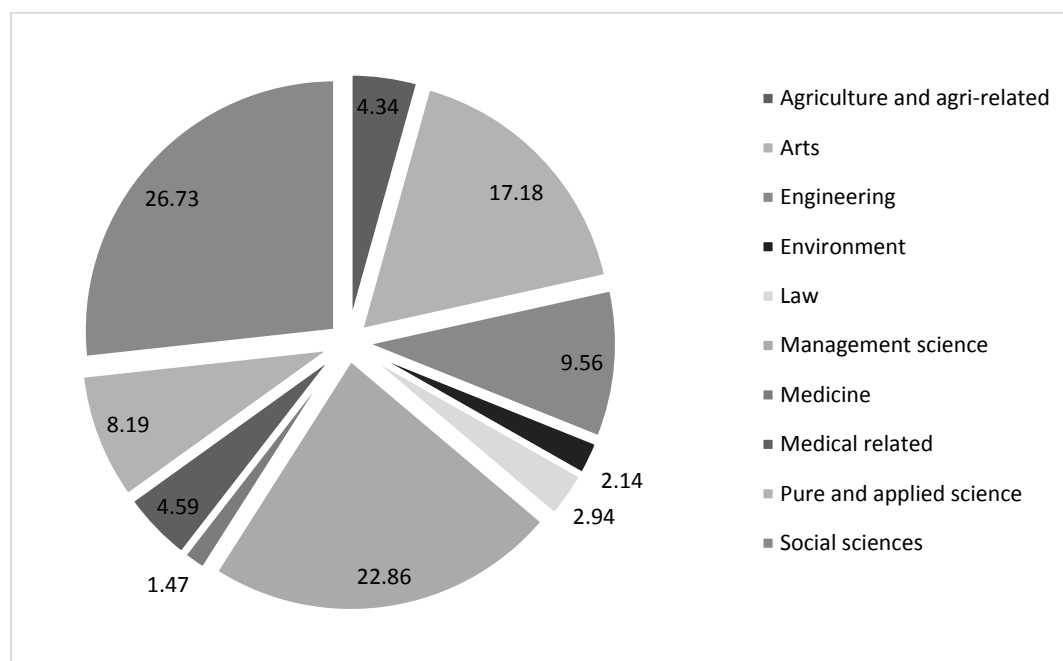
Figure 3.1 Distribution of youth by gender, age, and level of education



Source: National Baseline Youth Survey (Nigeria, NBS 2012b).

The highest proportion of uneducated youth was female. A greater proportion of females than males had been educated up to or below the primary level. However, more males than females had received secondary and postsecondary education. Among youth who had attended higher-education courses, the majority studied social science and management science (26.7 percent and 22.9 percent) respectively. A total of 4.3 percent and 2.1 percent studied agriculture and courses related to agriculture and the environment, respectively (Figure 3.2). Also, the majority (60.8 percent) of those who attended agriculture and related courses were male; this was the case for all other courses. The NBS/MYD survey also shows that the majority (about 79 percent) of youth in Nigeria did not have computer literacy, with females more disadvantaged than males. Overall, education among youth has increased in recent years; a higher proportion now has a higher level of education than in previous years.

Figure 3.2 Distribution of youth by course of study



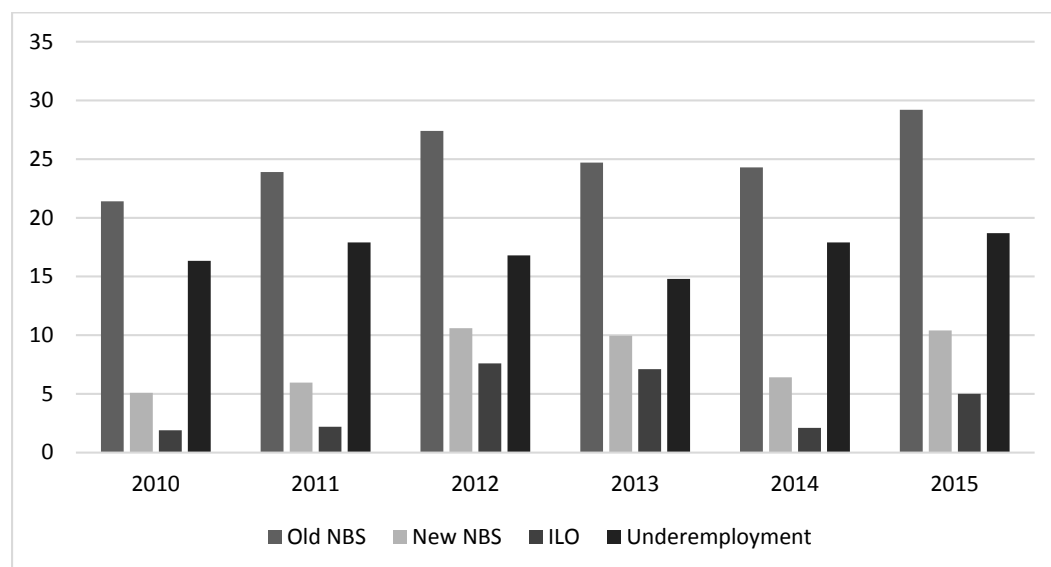
Source: National Baseline Youth Survey (Nigeria, NBS 2012b).

Youth Labor Force Participation, Employment, Underemployment, and Unemployment in Nigeria

At more than 177 million, Nigeria has the largest population in Africa, with a high proportion of youth and an increasing rate of youth unemployment and underemployment. Nigeria’s labor force, as defined by the NBS, is the proportion of the population between the ages of 15 and 64 that are either employed, unemployed, or underemployed, and that are able to work and are actively looking for work. In 2015, the labor force increased to 76.9 million from 72 million in 2014, with an approximate 12 percent increase between 2010 and 2014 alone. This represents an increase of more than 10 million people, the majority of whom are youth. This trend is expected to continue due to increasing population growth. The labor force participation rate in 2015 was 72.8 percent, indicating that a large proportion of those who are economically active are willing and able to work. However, 22.4 million people in the labor force were either unemployed or underemployed in 2015, compared with the 13.9 million who were either unemployed or underemployed in 2010. In the third quarter of 2015 alone, Nigeria’s labor force grew by 4 percent, from 72.9 million in the last quarter of 2014 to 75.9 million in 2015. This is the highest year-to-year increase since 2010, when the percentage change was 3.2 percent.

Nigeria’s labor force is predominantly rural, with little variation in distribution over time. In terms of regional distribution, about 70 percent of the labor force lives in rural areas. These are characterized by predominantly agricultural jobs, small-scale and medium-sized enterprises, and the rural nonfarm sector that depends on agriculture directly or indirectly. Low productivity has been attributed to an excess supply of labor and a limited number of jobs created, many of which require low skills and pay a low wage. Furthermore, the gender distribution of the labor force in Nigeria shows that the proportion of females is increasing, as indicated by an increase of 43.39 percent to 48.11 percent in the third quarter of 2015.

Figure 3.3 Comparison between ILO, old, and new NBS unemployment and underemployment rate (2010-2015)



Source: Labor Force Statistics 2010-2015(Nigeria, NBS 2015b) and Unemployment/Underemployment Watch Quarter 3, 2015 (Nigeria, NBS 2015c).

Notes: ILO = international labor organization; NBS = National Bureau of Statistics.

Based on the old definition² of working at least 40 hours a week, the overall unemployment rate in the fourth quarter of 2015 stood at 29.2 percent, up from 21.4 percent in 2010. Under the new definition of unemployment in Nigeria, the overall unemployment rate in the fourth quarter of 2015 and the first quarter of 2016 was 10.4 percent and 12.1 percent, respectively, up from 5.09 percent in 2010. The underemployment rate is generally higher than the unemployment rate in Nigeria. Overall, the underemployment rate was 16.34 percent in 2010 and 18.7 percent in 2015, and increased to 19.1 percent in the first quarter of 2016. Between 2010 and the fourth quarter of 2015, the total number of people who were fully employed increased by 7.83 percent (4.01 million people), while the total number of the unemployed in the same period increased by 126.5 percent (4.19 million people). The total number of people who were underemployed increased by 24.04 percent (2.59 million) between 2010 and the third quarter of 2015. Analysis of the quarter-by-quarter distribution of those fully employed in Nigeria between 2014 and 2015 shows that some level of unemployment is created by the seasonality of jobs, especially those in the informal and agricultural sectors. The proportion of people who were fully employed increased significantly in 2013 compared with 2012. This increase in full-time employment in 2013 could be attributed to the increased number of employment programs especially, for youth. Available data³ for the state-level rate using the old definition of unemployment shows that this rate increased between 2002 and 2011 in all 29 states in Nigeria, with the highest increase in the northern and south-south states. Gendered analysis of underemployment and unemployment trends between 2010 and 2015 using the new NBS definition also shows that both underemployment and unemployment were

² The NBS recently reviewed the definition of unemployment and underemployment, and now uses a variant of the global International Labor Organization (ILO) definition of unemployment. According to the NBS's most recent unemployment definitions (May 2015), unemployment is the proportion of those in the labor force (not in the entire economically active population, nor the entire Nigerian population) who were actively looking for but could not find work for at least 20 hours during the reference period. By this definition, individuals are unemployed if they did absolutely nothing at all or did something less than 20 hours per week. Underemployment occurs if people work: (1) less than full time—40 hours per week; (2) at least 20 hours on average a week; and (3) full time but in a job that underutilizes their skills, time, and educational qualification.

³ Caution should be taken, however, when interpreting this data since the available data at the state level uses the old definition of unemployment.

higher among females than males. Further, unemployment was higher in urban than rural areas, except in 2011 and 2012 when the rate was slightly higher in rural areas than urban areas. Underemployment, however, was higher in rural areas than in urban areas and generally higher than the overall underemployment rate nationally, except in 2010.

Youth Employment, Unemployment, and Underemployment Status in Nigeria

A total of 36,380,320 persons, representing 48 percent of the labor force in Nigeria, are youth between the ages of 15 and 34. Some 41.15 percent of the employed labor force is composed of youth, with a greater proportion of those employed within the 25-to-34 age group. An increasing proportion of youth are employed in the micro-, small-, and medium-scale enterprises of the informal sector as self-employed entrepreneurs, or as employees in small business setups where a large proportion of the employment available for youth exists (NBS 2010b; 2013).⁴

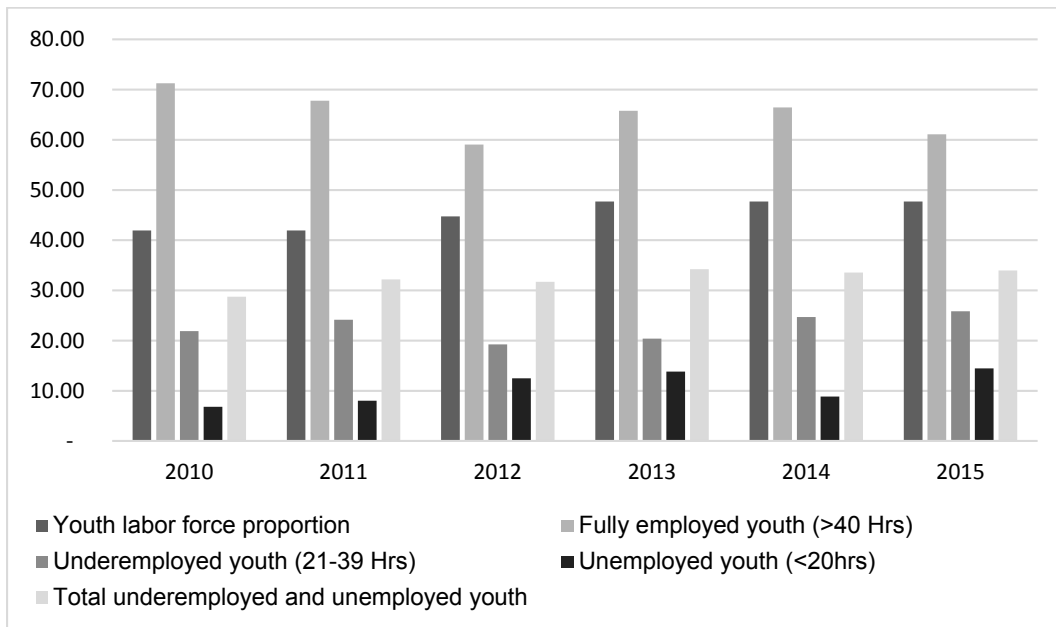
Unemployment and underemployment is highest among youth between the ages of 15 and 24 and 25 and 34. A total of 66.07 percent and 65.81 percent of the unemployed and underemployed are youth (13.7 million). The higher level of underemployment among those between the ages of 15 and 24 can be explained by the fact that most youth within that age range are still receiving some form of education. This high level of underemployment also is usually associated with the seasonality of agricultural jobs in which most people in rural areas are engaged. This also shows the underutilization of youth in employment, indicating that there remains room for improvement in the type and number of agricultural employment opportunities available to rural youth. However, both age groups of youth represent the largest percentage of Nigerians who are either unemployed or underemployed. The unemployment rate in 2015 was typically highest for those between the ages of 15 and 24 (17.8 percent in Q3 2015, up from 14.9 percent in Q2 2015 and 13.7 percent in Q1 2015). The underemployment rate for those within the same age range declined slightly, to 31.8 percent in Q3 from 33.8 percent in Q2 and 30.6 percent in Q1 2015. Among those in the labor force within the age range of 25 to 34, however, unemployment rose to 10.8 percent in Q3 2015, up from 8.9 percent in Q2 2015 and 8.2 percent in Q1 2015. Underemployment stood at 18.5 percent in Q3, down from 19.5 percent in Q2 and 17.7 percent in Q1 2015.

From a gender and marital status perspective, more female youth in the age range of 25 to 34 are getting married⁵ and have entered the labor market in recent years (NBS 2012b). With an increasing emphasis on gender equity in employment in Nigeria, more women have taken up jobs in recent years. This increasing female entry into the labor market can be attributed to the gradually increasing number of female youth that are becoming educated. The increase can also be explained by the need for female youth, especially those who are married, to help support their families financially and build their careers. However, official figures seem to suggest that more women are becoming unemployed and underemployed than their male counterparts. Apart from the increasing share of women receiving education in Nigeria, more women are obtaining jobs in the informal sector than the formal sector. The likelihood of securing jobs in the formal sector increases for female youth with a higher level of education or a postgraduate education. Moreover, the proportion of females employed in micro enterprises in Nigeria is higher than that of males, who are employed primarily in small and medium-scale enterprises (NBS 2010b, 2013). Finally, most women involved in the informal sector have limited access to financial resources, and this limits business expansion (Fapohunda 2012).

⁴ Teal (2014), in his study of Nigeria, argues that to understand the nature of the employment problem, jobs need to be linked to the incomes those jobs generate. While wage jobs do, on average, produce more income than does self-employment, a critical issue remains the extent of the distribution of incomes within occupational categories and overlaps across these sectors. The author concludes that in understanding how the labor market in Nigeria operates, it is also necessary to distinguish not between employment and unemployment but, rather, between being in and outside the labor force as conventionally defined, and, for those employed, the incomes generated by the job. Such an approach is a clear departure from a focus on unemployment and the divide between self- and wage employment.

⁵ The age at which female youth in Nigeria get married varies across regions and states. However, anecdotal evidence seems to suggest that more females between the ages of 15 and 24 years get married in the northern parts of Nigeria than in other parts of the country.

Figure 3.4 Labor force distribution, 2010–2015



Source: Labor Force Statistics 2010-2015 (Nigeria, NBS 2015b), Unemployment/ Underemployment Watch Quarterly Reports 2014-2015.

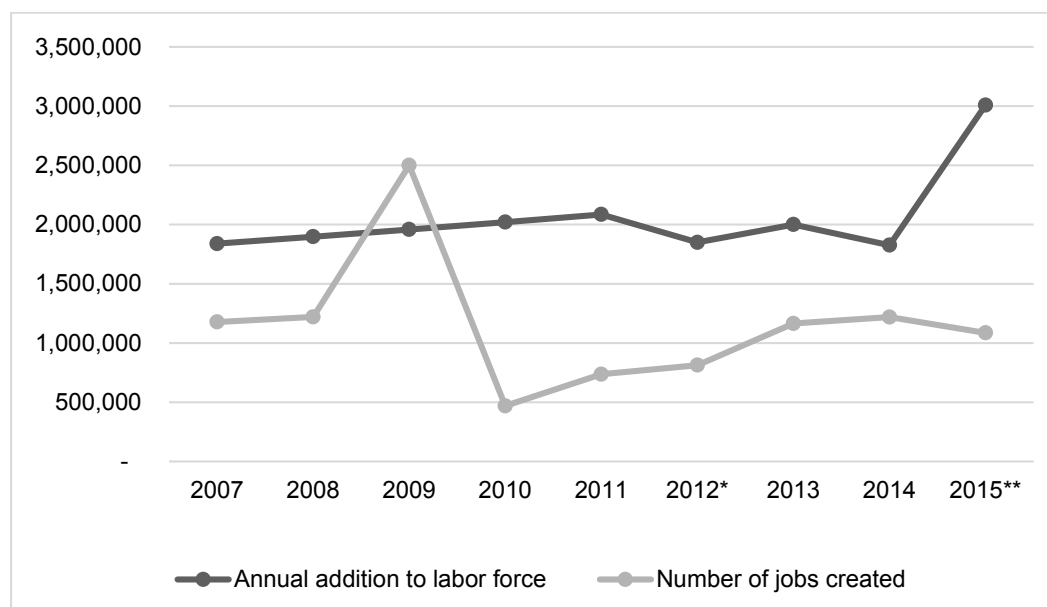
Drivers of Youth Unemployment and Underemployment in Nigeria

Youth constitute a substantial proportion of the Nigerian labor force that is either underemployed or unemployed. Given the inverse relationship between education and labor market outcomes, an interesting question is what drives these increasing unemployment and underemployment rates among youth in Nigeria despite the increasing number who receive tertiary education.

While the share of youth educated in Nigeria is increasing, the quality of education has been questioned (Tende and Barnabas 2013; Adetunji and Ladanu 2016). Doubt exists about the standard of education, and the lack of entrepreneurial skills limits the employment potential of youth (Okolocha 2012). In addition, a “skills-gap curse” appears to be gradually creating a wedge between the level of skills youth have and the level of skills potential employers require.

Unemployment and underemployment as a result of limited job creation continues to be a challenge that affects Nigeria politically, economically, and socially. Although this challenge cuts across all age groups, youth are the most vulnerable since an estimated 1.5 million are expected to graduate annually. Job creation is crucial for reducing unemployment and underemployment in any country. The rate of job creation is usually targeted to reduce unemployment when the supply of job meets or exceeds the demand for jobs. Countries with thriving economies are expected to generate a sufficient number of jobs to reduce or eliminate unemployment and underemployment. In Nigeria, it is estimated that about 2.5 million economically active persons between the ages of 15 and 64 who are recent graduates, new entrants into the labor force, or previous jobholders choose not to enter the job market annually. As shown in Figure 3.5, an increasing gap exists between the number of jobs created on an annual basis and the number of people joining the labor force every year. The implication is that youth unemployment increases incrementally every year. A significant proportion of youth who cannot find jobs from those created annually choose work that likely increases their chances of being underemployed.

Figure 3.5 Gap between jobs created and annual addition to labor force



Source: Authors' calculation based on Open Data on Labor Force (Nigeria, NBS 2012a) and Labor Force Survey 2010-2015 (Nigeria, NBS 2015b).

Notes: *Job created figures available for Q3 and Q4 2012. ** Job created and labor force figures available for the first three quarters of 2015. *** Number of jobs created available for 2012 to 2015 based on NBS job creation survey reports.

While several government administrations have made a concerted effort to develop youth employment programs in Nigeria in recent years, there is no sustainable and long-term action plan ensuring “youth suitable” jobs that takes into account the level of education and the type of vocational training required. Most youth employment programs are not evaluated to delve deeper into their strengths and weaknesses, and those that are assessed do not survive beyond the political ambitions that created them. In addition, there appears to be an apparent mismatch between these programs and the career aspirations of the youth they have been designed for.⁶

Further, most youth employment programs in Nigeria focus on a single sector that is expected to absorb a substantial number of youth (for example, the agricultural and business sectors). Creating jobs in sectors in which the country has some comparative advantage would generate potential economic, social, and employment benefits. Yet, focusing on a single sector with limited resources and infrastructure gaps could lead to an influx of youth into an area that does not necessarily suit their career aspirations. This, in turn, may result in declining productivity levels and underemployment. This single-sector focus could also lead to neglect of other segments where youth would perform better, and to deprive these sectors of the productivity gains that youthful innovation and exuberance could bring. This is an important issue that highlights the need for a grand design approach, the foundation of which needs to be included in policy discussions. Such an approach must go beyond a narrow analysis of the contribution of specific sectors to the overall development and growth process.

On average, about 1.5 million youth are expected to enter the job market in Nigeria annually (Adesugba and Mavrotas 2016). This implies that at least about 60 percent of those who enter the labor market annually have limited job experience and skills, and would require additional training to do well in the formal and public sectors and make a significant contribution to the informal sector. In Nigeria, jobs are created in three major sectors: informal, formal, and public. Of these, the informal sector provides the majority of jobs. On average, on an annual basis, about 5 percent of the jobs created in the economy are in the public sector, while about 61 percent and 33 percent, respectively, are in the informal and formal

⁶ See Adesugba and Mavrotas (2016) for further discussion.

sectors.⁷ Given the limited number of jobs created in the public and formal sectors, youth are absorbed mostly into the informal sector. The informal job sector in Nigeria is thriving and increases the level of entrepreneurial activities. However, it is also characterized by less structure and organization, increasing the chances of underemployment and unfavorable working conditions. The nature of jobs in the informal sector also makes them less attractive to youth with high wage expectations after graduation from tertiary institutions. The preference for getting jobs in the public sector in Nigeria is quite high, yet the sector wage is low. Since the public sector offers a limited number of jobs for youth, youth entering the job market are faced with two options: to be employed in the informal or formal sector, or to remain unemployed until there is an opening in the public sector. Formal-sector employment poses a challenge to youth with a lower level or quality of education, as the sector is usually highly competitive. Youth employed in the informal sector are more likely to be underemployed or to work under less than optimal conditions. Most informal-sector jobs are not monitored, do not adhere to the minimum wage laws,⁸ and do not offer employment contracts, as does the government-controlled public sector. As a result, the likelihood of youth securing low-wage, low-productivity jobs increases.

Apart from the challenges Nigerian youth face in obtaining jobs in the formal sector, they also must deal with the corruption that runs rampant in public-sector employment. Awareness of job openings in public institutions is usually low and circulated among small, well-connected groups. There is also an incidence of “ghost workers”⁹ in public institutions who fill employment space that would have been employed otherwise (McCallum and Tyler 2001; Tende and Barnabas 2013; Alenoghena 2015; Chinedu Increase 2015). These ghost workers represent a deficit of unemployed people who are on the government payroll but in reality are unemployed. The number of ghost workers in Nigeria has declined in recent years. However, there is still a substantial gap that needs to be filled to ensure that people who are employed to do a particular job are actually physically present to carry out their duties. Long time lags between job interviews and actual offers of employment also contribute to the high level of seasonal unemployment in Nigeria.¹⁰

Anecdotal evidence also suggests that youth, especially those who have tertiary education or have recently graduated from tertiary institutions, gain employment in jobs that are not commensurate with their educational qualifications. This skills mismatch emanates from the considerable gap between the vacancies that are likely to be available in Nigeria’s labor market and what youth actually study at the tertiary level. There is no clear-cut job-matching process for youth in Nigeria. Most youth without professional qualifications are likely to be engaged in jobs that are not in line with what they studied at the university level. An apparent implication is that those actually qualified for a particular job must compete vigorously with those who lack the necessary educational qualifications.

⁷ According to the NBS, formal-sector jobs refer to employment in establishments that employ 10 or more persons, or formal professional services that employ less than 10 persons. Informal-sector jobs are those generated by individuals or businesses that are unregistered, operate with no accounts or structures, and often employ less than five employees. The informal sector is covered at the household level and is a residual of formal- and public-sector jobs from the total employment generated. It encompasses jobs such as those generated by individuals or household businesses that employ less than 10 people, or those businesses operating with little or no structures (for example, those in agriculture and in the wholesale and retail trades). Public institutions include government ministries, departments, and agencies; government parastatals; and academic and research institutions at the federal, state, and local government levels.

⁸ The National Minimum Wage Act Cap. N61 Laws of the Federation of Nigeria was amended in 2011. Based on the amendment, employers are expected to pay a wage not less than the national minimum of ₦18,000 per month to every worker in their establishments.

⁹ Ghost workers are people whose names appear on the government payroll and who are paid as workers in public institutions but who neither work nor contribute to the institutions in any productive way.

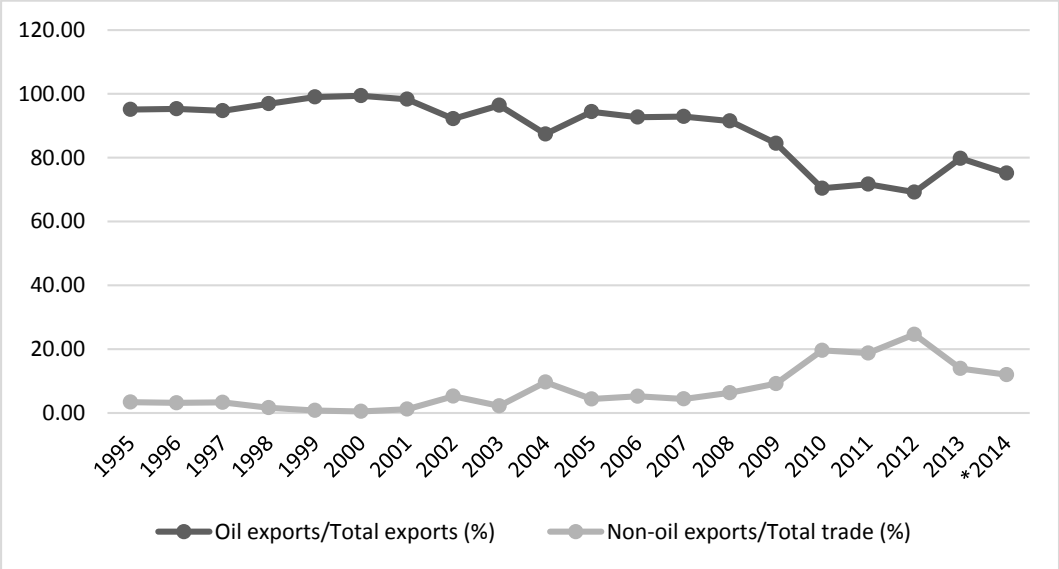
¹⁰ According to the recently released “Buharimeter Report” by the Centre for Democracy and Development (2016), the government has indicated that the verification exercise based on the Integrated Personnel and Payroll Information System (IPPIIS) and Bank Verification Number (BVN) has so far uncovered 43,000 ghost workers on its payroll.

Weak institutional settings, together with forecasts of high demand for and low supply of jobs, further contribute to information gaps in the youth labor market. Since there is limited information on what types of employment need to be filled and what qualifications they require, it is improbable that youth would know which courses to take to improve their chances of securing employment upon graduation. The absence of skill-matching organizations and youth centers limits employment opportunities, especially for those living in rural areas. Furthermore, a poor enabling environment and limited entrepreneurial settings reduce the ease of doing business in Nigeria, and thereby the extent to which youth can survive in entrepreneurial and business settings (World Bank 2016). Finally, the high level of instability in conflict-prone parts of the country contributes to the high level of both youth and overall unemployment.

4. NATURAL RESOURCES, “DUTCH DISEASE” ISSUES AND IMPLICATIONS FOR EMPLOYMENT IN NIGERIA

Crude oil has been Nigeria’s most exported commodity since its discovery in the late 1950s. As shown in Figure 4.1, oil exports exceed exports of all other non-oil commodities in Nigeria. The export of oil has been accompanied by an increase in food imports. This is in spite of the significant agricultural potential of Nigeria, as well as an agricultural sector that still employs the majority of the workforce at the small-scale and subsistent levels. The industrial sector is also developing at a very slow pace and has not kept up with population and demographic needs.

Figure 4.1 Oil export versus non-oil export in Nigeria



Source: Nigeria, NBS (2014).
 Notes: *Export data available for first quarter of 2014 only.

The reasons for slow overall economic growth in many resource-rich countries are multiple and complicated. First, natural resource dependence can cause “Dutch Disease”¹¹ and lead to misallocation, which may boost growth in the short term but have adverse longer-term effects (Collier and Goderis 2007). Second, resources can create a “rentier effect,” which encourages governance arrangements unfavorable to growth (Ross 2001). The “rents” from natural resources reduce the need for the government to tax the population and, consequently, remove a significant degree of accountability from its spending. Spending goes unmonitored, and patronage networks are maintained and favors distributed rents while institutional quality suffers. Institutional quality is thus linked to resource dependence and the resulting rents (Mavrotas, Murshed, and Torres 2011). Fierce electoral competition for resource rents in the absence of adequate checks and balances on power hinders growth and can erupt into domestic unrest and even civil war (Collier and Hoeffler 2009).

¹¹ Dutch disease is an economics term that refers to the negative consequences arising from large increases in the value of a country's currency. It is primarily associated with a natural resource discovery but can result from any large influx of foreign currency into a country, including foreign aid or a substantial increase in natural resource prices.

It has been argued that the exploration and export of crude oil in Nigeria has many aspects of a “natural resource curse.”¹² This has led also to “Dutch disease” type of effects, wherein the exploitation of oil exerts a negative effect on long-term economic growth (Otaha 2012; Budina, Pang, and Van Wijnbergen 2006; and Budina and van Wijnbergen 2008). While Nigeria exports crude oil, which makes up more than 70 percent of its revenue, it also imports over 80 percent of its refined oil needs since its refining capacity is still low and cannot meet local demand. As a result of the shift in focus on the oil sector, other non-oil products now face less price competition in the export market. Furthermore, Nigeria’s dependence on revenue from oil exports increases the level of vulnerability of its economy to global oil price volatility, leading to tight fiscal planning constraints, fluctuations in the quality of public spending, and financial crisis (Otaha 2012).

More importantly, the discovery of oil in Nigeria has led to the transition from a multisector economy with a flourishing agricultural sector to a “mono-sector economy” with limited levels of diversification in other areas. Wages in the oil sector are higher than wages in other sectors, though the former employs a significantly low proportion of the labor-force population in Nigeria. While some funds from oil exports have been used to develop road infrastructure, the level of overall infrastructural development is still low when compared with other oil-producing countries. This further limits opportunities for job creation in other sectors, which provide the majority of jobs in the country. Finally, at the state level, oil-producing states with access to 13 percent derivation revenue for the non-oil sector and infrastructure development are still faced with high levels of poverty, unemployment, and poor infrastructural systems.

¹² See also Auty (1997), Sachs and Warner (2001), Mehlum, Moene, and Torvik (2006), and Mavrotas, Murshed, and Torres (2011), among others, for a detailed discussion of issues related to the natural resource curse and natural resource dependence.

5. YOUTH EMPLOYMENT IN AGRICULTURE AND THE RURAL NONFARM ECONOMY IN NIGERIA

Recent evidence suggests that agriculture is still the largest employer of labor in most African countries, especially Nigeria. This sector would continue to employ the majority of the labor force in the next decade, but the share of those youth working in the agricultural sector, especially in the production value chain, is slowly declining (Yeboah and Jayne 2016). On-farm agricultural activities, especially those related to crop production, are seasonal in most rural areas of Nigeria. Consequently, youth involved in agriculture during the production season often tend to exit this sector to take nonfarm jobs to ensure stable income in the off-season (Nagler and Naudé 2014). Some even migrate to urban areas until the next planting season. While records on youth exiting the agricultural sector in Nigeria are difficult to come by, previous studies suggest that this exit occurs at a relatively higher rate than in other sectors since the discovery of oil. A recent study by Maïga, Christiaensen, and Palacios-Lopez (2015) indicates that youth in Nigeria now spend 62.8 percent less time employed in agriculture than adults. Youth in the southern parts of the country exit at a faster rate than those in the North. Active youth involvement and employment in the agricultural sector began to decline with the discovery of oil in Nigeria in the 1970s. The average age of the labor composition for farmers when only household heads are considered is 52, according to the recent NBS Living Standard Measurement Study (LSMS) 2013 survey, indicating that the agricultural production population is aging. When all household members are considered, the average age of the labor composition is 38, providing additional evidence that a relatively limited proportion of youth are engaged in agricultural production in Nigeria.

However, a baseline survey of youth by the NBS and the MYD shows that 37 percent of youth (48.4 percent male and 51.6 percent female) were engaged in agriculture in 2012 (NBS 2012b). The agricultural turnover revenue accrued to youth involvement in production was also estimated to be up, to ₦6 trillion in 2012, with crop production the largest contributor at over ₦4 trillion. What is clear from the survey is that youth were more involved in the crop production aspect of agriculture, and that more than 80 percent of both males and females, irrespective of their age group, employed in the agricultural sector were engaged in crop production (Table 5.1). This is not surprising, as until recently most agricultural activities in Nigeria have been geared toward crop production. Less than 19 percent of youth employed in the agricultural sector keep livestock or poultry, while less than 2 percent are employed in aquaculture. Less than 0.2 percent of youth involved in agriculture are employed in off-farm activities that involve processing, value addition, marketing, research, and development, among others. In more recent years, with the ATA initiative, there has been a move toward involving youth in value chain development and agribusiness. The proportion of youth working in agriculture also shows a greater concentration of males than female (Figure 5.1). While it is expected that a high percentage of educated individuals engage in commercial agriculture in Nigeria, only a small proportion of educated youth is involved in the agricultural sector at medium- to small-scale levels. The vast majority of youth who are self-employed in the agricultural sector are involved at these same levels. The ATA has pushed for agricultural entrepreneurs but has been faced with limited opportunities for business expansion.

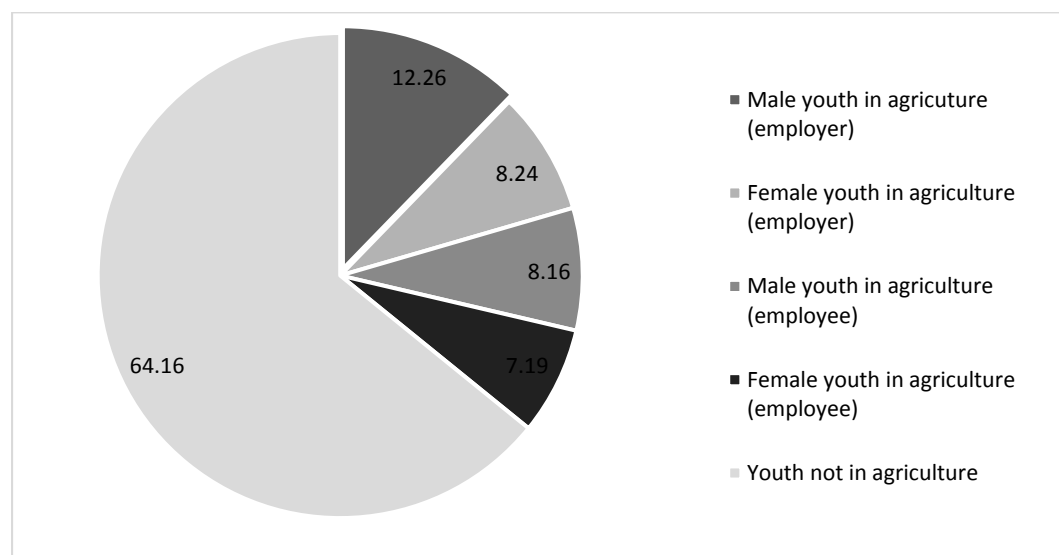
Table 5.1 Youth involved in agriculture by type of activity, age group, and gender

Type of agricultural job	15-24 (%)		25-34 (%)	
	Male	Female	Male	Female
Crop Production	84.48	86.58	79.32	83.04
Animal Husbandry	14.78	12.15	18.55	15.17
Aquaculture	0.72	1.28	1.92	1.73
Off-Farm Activity	0.02	0.00	0.21	0.06

Source: National Baseline Youth Survey (Nigeria, NBS 2012b).

The distribution of off-farm activity by youth categories shows that the majority is carried out by those in the 25-to-34 age range. Males in this range tend to be more involved in off-farm agricultural activities such as marketing compared with females and those in the lower age group. Youth involvement in commercial agriculture as employers in Nigeria is faced with a myriad of challenges. Apart from the noninstitutionalized land tenure system that makes new entry into commercial agriculture difficult, youth also face financing challenges that influence their decision to enter into commercial agriculture. Limited technological advancement in Nigeria’s agricultural sector also serves as a bottleneck for commercial agriculture for both adults and youth. This takes us to the next subsection of this paper, which deals with impediments to youth employment in the agricultural sector.

Figure 5.1 Youth employment in agriculture (2012)



Source: National Baseline Youth Survey (Nigeria, NBS 2012b).

Constraints to Youth Employment in Agriculture

Youth employment in the Nigerian agricultural sector faces several constraints and challenges. These vary from unfavorable land tenure systems and agricultural finance barriers, to obstacles related to agricultural technology use and a poor agribusiness environment, among others.

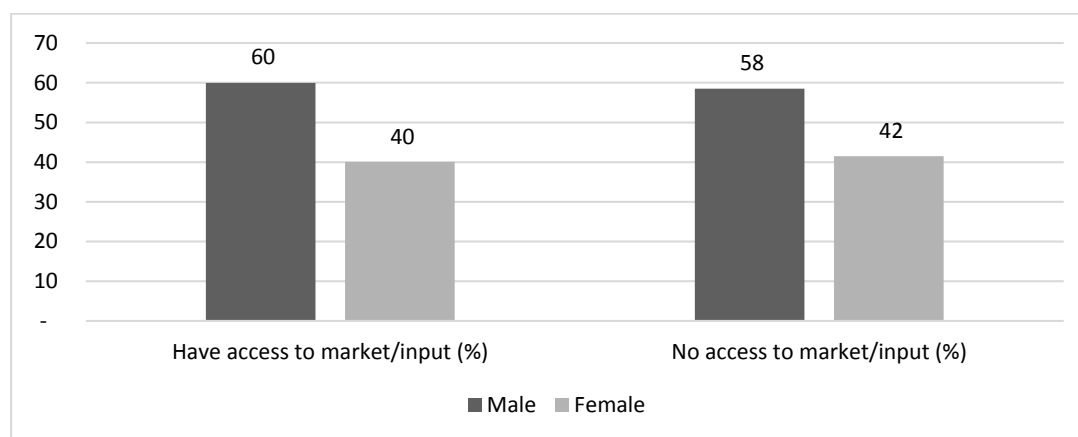
Agricultural Land

Studies have shown that ownership of land for agriculture or long-term lease and land security could increase the amount and rate of investment in agriculture and of youth entry into the agricultural sector. Growth in production in Nigeria has been attributed largely to farmland expansion rather than to an increase in actual productivity (Treichel, Teal, and Mousley 2010; Penda 2012). Land tenure and security is slowly evolving to meet the needs of agricultural production, but access to land is declining. Youth involved in this sector have limited access to land except when it is inherited, bought, or leased. Land lease time is usually short and influenced by land tenure practices. Even when land is available, in states such as Kwara and Oyo—where the “back to land” program was initiated—youth participation is low, at about 15 percent and 43 percent, respectively, despite the high level of youth awareness about the program (Yahaya 2003; Ariyo and Mortimore 2011). The emergence of commercial agriculture and land grabbing also increases the pressure for those who farm at the subsistence level. Finally, agricultural land has been a major cause of conflict in most communities in Nigeria, especially where government-stipulated land use conflicts with land use preferred by communities.

Access to Agricultural Markets

Assured sales of agricultural products are crucial in determining whether youth want to be engaged in this sector as a source of income. Results from the MYD National Baseline Youth Survey (2012b) suggest that the majority of youth in agriculture in Nigeria have access to markets. A total of 96 percent of youth involved in agriculture reported having access to the market for sales of their products and for purchase of agricultural inputs; 60 percent of this proportion is male. While the proportion of youth who did not have access to the market was low (less than 4 percent), 58 percent of those who said they did not have for either their products or inputs were also male (Figure 5.2). Mobility and proximity to the market also play an important role (Porter, Blaufuss, and Owusu Acheampong 2007). Results from the 2012 youth survey show that those youth having closer proximity to markets and access to inputs have a higher annual turnover than those not close to agricultural markets.

Figure 5.2 Distribution of youth in agriculture who have access to market/input by sex



Source: NBS National Baseline Youth Survey (Nigeria, NBS 2012b).

Agricultural Technology and Finance

The success of the green revolution in Asian countries resulted from substantial improvement in access to agricultural technology and finance. The market for improved agricultural technology in Nigeria is weak, hampered by a slow mechanization process. This further influences the rate of use of improved agricultural technology and mechanization by the majority of small-scale farmers (Takeshima 2015). Most technological improvements in the agricultural sector, especially for input and machinery, are not readily available in the open market for use by youth. Agricultural finance, on the other hand, is crucial for the involvement of youth in this sector. The increasing level of credit rationing and high interest rates threatens the extent of this involvement. The demand for agricultural finance has increased in Nigeria in recent years, and several factors—the interest rate, farm expenditure and income expectations, farm size, and alternative sources of funding—influence the rate at which youth are willing to seek financing for agricultural ventures (Oluwasola and Alimi 2008). At the same time, the absence of physical assets for use as collateral in most cases makes access to financing for younger farmers difficult in Nigeria.

Agricultural Value Chains and Agribusiness Environment

The ATA's emphasis on the development of agricultural value chains, and increased youth involvement in them, has increased job opportunities. Most youth within the age range of 25 to 34 have recently seen their involvement in agricultural value chains increase. Analysis of these chains in Nigeria shows that several, especially cash crop value chains, have high untapped potential for the creation of youth employment (Treichel, Teal, and Mousley 2010). At the same time, Nigeria's agricultural value chain

system is evolving slowly, and limited diversification and a poor agribusiness environment undermine the progress made thus far. The development of the agricultural value chain is also impeded by infrastructural challenges, such as poor road networks, a deficient power supply, and a low level of technology, all of which limit the ability of the various value chains to generate employment. Finally, most final products in the agricultural value chains cannot compete with imported products as a result of poor standards and quality of products, and consumer preference for imported goods.

The Rural Nonfarm Economy in Nigeria

The rural nonfarm economy in most African countries, including Nigeria, accounts for about 35 percent of the income generated by rural households (Haggblade, Hazell, and Reardon 2010; Awoyemi 2011). In Nigeria, activities of the rural nonfarm economy include informal commerce and trade, manufacturing, and services that depend on agriculture either directly or indirectly and that generate either high or low income returns (Reardon 1997; Madaki and Adefila 2014). Income from both off-farm and nonfarm activities as either high or low return is crucial for improving the livelihood of the poor in rural areas (Awoyemi 2011). Nigeria's rural nonfarm economy remains underdeveloped. Yet, there appears to be a greater efficiency and even greater opportunities for poverty reduction and development of the agricultural sector that is underutilized due to limited rural development and growth (Ellis and Freeman 2004). In the rural sector in recent years, declining use of human capacity, large budget deficits, and increasing unemployment have resulted in rural-urban migration (Awoyemi 2011). Apart from being underdeveloped, the rural nonfarm economy in Nigeria is also faced with constraints that affect its ability to grow. According to the 2012/2013 LSMS, limited access to roads in rural areas ranks as the most important constraint of doing business. Financing and limited access to electricity rank second and third, respectively, as the greatest obstacles to doing business in rural areas. According to the LSMS, 77.5 percent of rural jobs operate regularly, while 10.4 percent are either temporarily closed or closed due to seasonality, and 12.04 percent are closed permanently. Those that are permanently closed and those that do not operate regularly are the result of low profits (28.06 percent), lack of demand for products or services (15.31 percent), demise of the owner (16.58 percent), and financial challenges (8.93 percent). While there are some institutional foundations for the functioning of the rural nonfarm economy in Nigeria, most businesses never outlive their owners due to poor structural and management factors that make sustainability difficult. The majority (36.66 percent) of rural nonfarm businesses operate inside the residence of their owners; 27.87 percent, in traditional markets and commercial area shops; and 17.47 percent, outside the residence of their owners.

Typology of Rural Jobs in Nigeria

This subsection draws heavily from the LSMS for 2012/2013. Table 5.2 presents a summary of the typology of jobs of rural areas. Subsistence agricultural activities—including crop production, livestock and poultry, forestry, fishing, hired labor, and small-scale agri-processing—account for 56.09 percent of jobs, with vegetable and crop production accounting for about two-thirds of agricultural activity. The proportion of people who hold agricultural jobs in rural areas is gradually declining from the level of over 70 percent recorded in the 1980s and 1990s. When the proportion of those working in the rural agricultural sector is disaggregated by gender, about 66 percent of employees are male and 34 percent female. Apart from agricultural jobs, 43.91 percent of rural jobs are in the nonfarm sector, with buying and selling (18.71 percent) the most common; females have greater involvement in these activities than males. Manufacturing of local goods accounts for 8.51 percent of jobs in rural areas, while transportation and personal services account for 2.39 percent and 4.36 percent, respectively. In terms of type of employer in rural areas (Figure 5.3), 70.59 percent are self-employed, and 18.47 percent are employed by household members. The third largest employer is the private sector, which employs only about 3.55 percent of those in rural areas. Federal, state, and local governments together account for about 7 percent of employers in these areas.

Table 5.2 Percentage distribution of job types in rural Nigeria

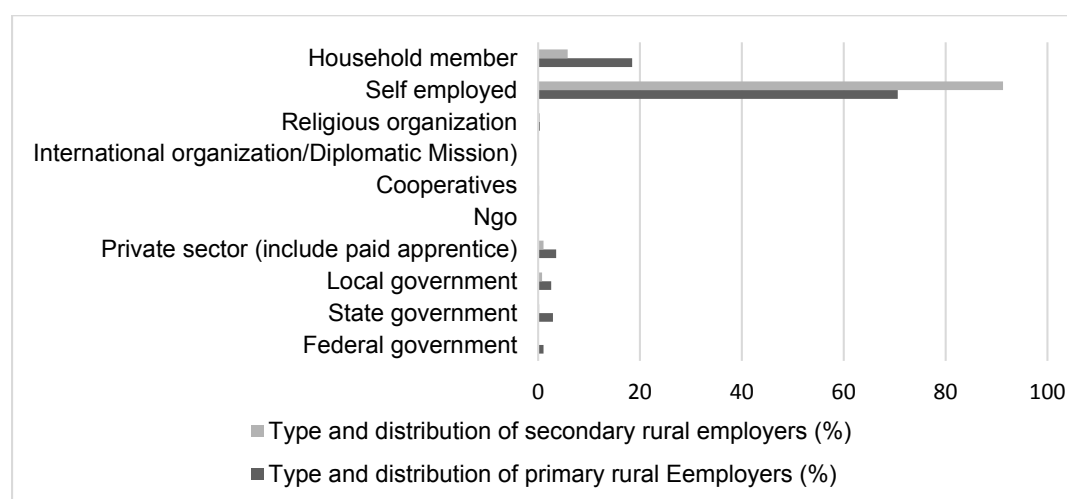
Typology of jobs in rural Nigeria (%)	Percentage distribution of job types in rural Nigeria			Percentage distribution of secondary job types in rural Nigeria
	Total	Male	Female	Total
Agriculture	56.09	65.93	46.26	41.1
Mining	0.15	0.17	0.14	0.38
Manufacturing	8.51	3.18	13.84	8.21
Professional/Scientific/Technical Activity	0.68	1.16	0.2	0.92
Electricity/Water/Gas/Waste	0.27	0.55	0	0.23
Construction	1.67	3.21	0.14	2.91
Transportation	2.39	4.68	0.1	4.45
Buying and Selling	18.71	7.93	29.48	29.45
Financial/Insurance/Real Est. Services	0.31	0.38	0.24	1.15
Personal Services	4.36	4.51	4.2	9.2
Education	2.78	3.14	2.43	0.38
Health	1.16	1.13	1.2	0.84
Public Administration	2.41	3.38	1.43	0.76
Entertainment	0.5	0.65	0.34	0.02

Source: Authors' calculation based on the 2012/2013 Living Standards Measurement Study for Nigeria.

A total of 22 percent of those working in rural areas also hold a secondary job. Agriculture and buying and selling constitute the majority of these jobs, with a share of 41.1 percent and 29.45 percent, respectively, for both types of jobs as shown in Table 5.2.

Personal services, manufacturing, and transportation are also important secondary jobs for those living in rural areas. In general, the pattern for these jobs is similar to that of primary rural jobs. The majority (91.26 percent) of those involved in secondary employment in rural areas are self-employed; 5.82 percent work for a family member. Less than 1.2 percent of those holding secondary rural jobs are employed by either the federal, state, or local government (Figure 5.3). Based on the LSMS data, the average income per month for those employed in rural areas is 33,295 Naira; the average of those working in the agricultural sector, 25,997 Naira. Agricultural jobs in rural areas can be classified as low return since electricity, gas, and waste management workers have the highest average income (105,483 Naira); those who work in health-related jobs earn 63,879 Naira.

Figure 5.3 Type and distribution of rural employers

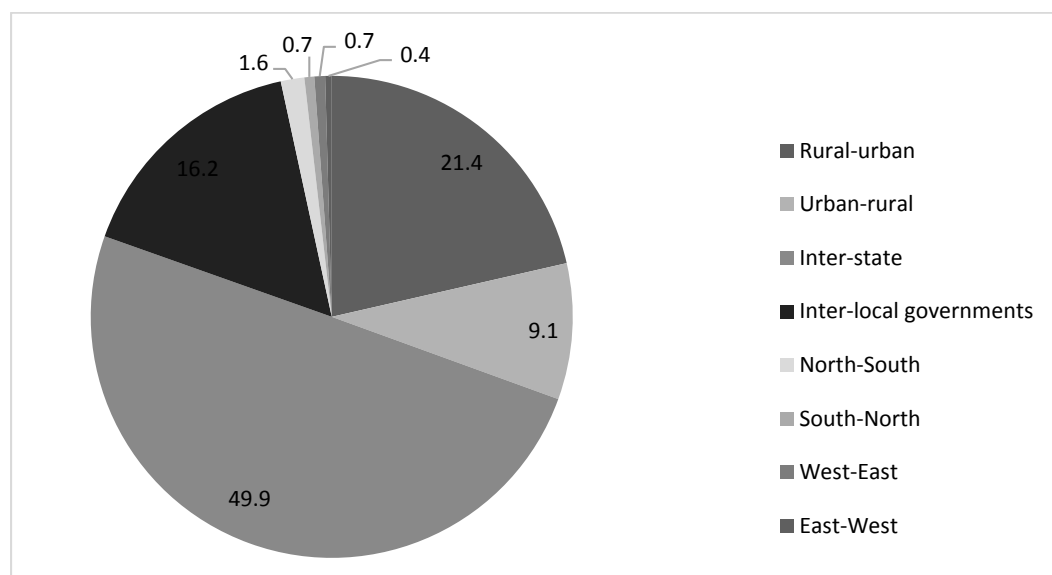


Source: Authors' calculation based on the 2012/2013 Living Standards Measurement Study for Nigeria.

Youth Migration Patterns and the Decision to Exit Rural Areas: Implications for Urbanization and Youth Employment in Nigeria

In general, 85 percent of youth migrate from their hometown or place of birth to other cities in Nigeria. Based on the 2012 youth baseline survey in Nigeria, about 50 percent of youth participated in interstate migration, mostly from rural areas and their place of birth to states that are commercial hubs and where opportunities for employment are perceived to be higher (Figure 5.4). These states also offer better chances of improving and harnessing entrepreneurial capacities for creating employment, and attract a relatively higher proportion of youth than states that do not. The interstate movement was mostly from home states to Lagos, Federal Capital Territory, Benue, Nassarawa, and Enugu State, among others. Overall, 13.8 percent of youth who migrated via the interstate route went to Lagos (a commercial center), while 9.4 percent migrated to the Federal Capital Territory (NBS 2012). Some 21.4 percent of the youth in Nigeria migrated from rural to urban areas in search of jobs and a better education. A total of 9.1 percent migrated from high-cost urban areas to rural towns in order to reduce their cost of living. In terms of regional migration, the majority of youth migration was from the northern to the southern part of Nigeria, with the largest proportion of this type of migration from Jigawa state to states in the South.

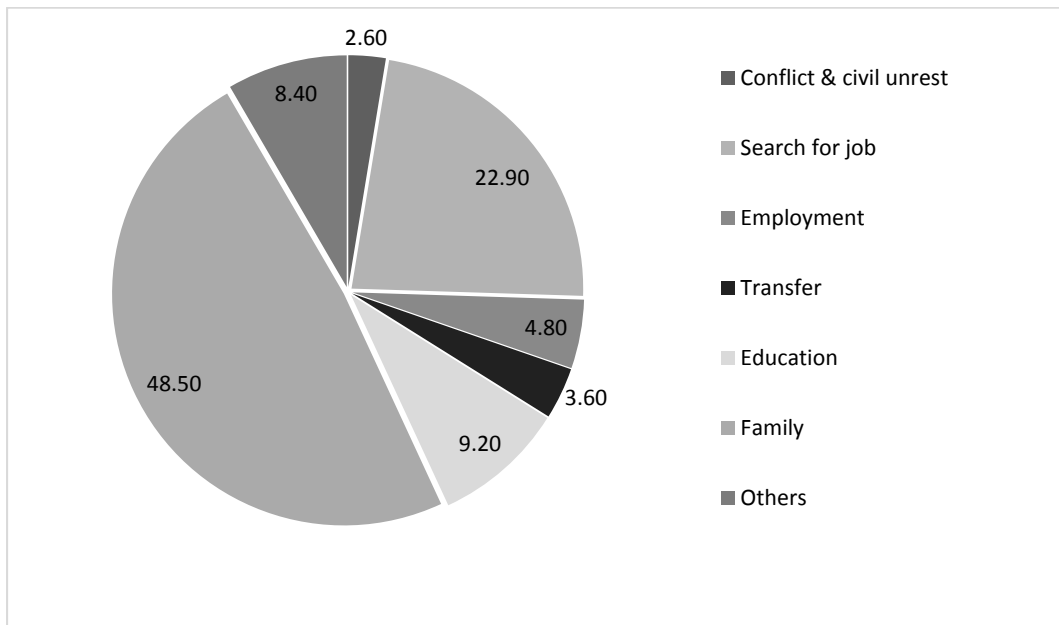
Figure 5.4 Distribution of youth migration type



Source: Youth Development Baseline Survey (Nigeria, NBS 2012b).

At the national level, 48.5 percent of youth who migrate in Nigeria do so for family reasons; 22.9 percent migrate to other places to search for job opportunities (Figure 5.5). Work-related transfers, employment, education, conflict, and civil unrest are also common reasons why youth migrate either from rural to urban areas or from urban to rural areas, and decide on interstate migration. In terms of temporary migration, one-third of youth (31 percent) migrated temporarily for family reasons, while 28.9 percent and 20.9 percent migrated temporarily to gain knowledge from education and to search for job opportunities, respectively. When the proportion of youth that migrated to search for jobs is disaggregated by age group, a larger proportion of those youth in the 24-to-35 age group migrated to search for jobs, while the majority of those who did so for family reasons were female.

Figure 5.5 Distribution of youth's reasons for movement



Source: Youth Development Baseline Survey (Nigeria, 2012b).

Youth migration patterns and the decision to exit rural areas have both positive and negative implications. Increasing rural-urban, intrastate,¹³ and interstate¹⁴ migration contributes to the higher levels of underemployment and unemployment in Nigeria, but it also leads to the development of businesses in urban areas that benefit from the increasing influx of people. Rural-urban migration could increase the rate at which cities urbanize and lead to development of urban areas. At the same time, the increasing rate of migration implies that more pressure is exerted on jobs, resources, and infrastructure in urban areas and capital cities, leading to increasing levels of urban unemployment, higher cost of living, contagious disease, crime, and urban congestion. And mega-cities throughout the developing world struggle with providing decent living space, clean water, and other amenities for their rapidly growing number of residents.

As also stressed by the recently released *Africapolis I Report* (Moriconi-Ebrand, Harre, and Heinrigs 2016), re-examining the criteria that distinguish urban from rural (see densities, type of housing, and the importance of agriculture) is also crucial since they may change our overall understanding of urbanization in West African countries, including Nigeria.¹⁵ The report provides the most complete data on urbanization dynamics in Nigeria. It identifies 1,236 agglomerations, of which 1,020 had more than 10,000 inhabitants in 2010, with the level of urbanization in Nigeria re-assessed at 46 percent, up from 31 percent since the urbanization report on Nigeria in 2008.¹⁶

¹³ In this case migration is defined as movement of youth from rural areas of a state to the state capital in search of better jobs.

¹⁴ In this case migration is defined as movement of youth from states that they consider small with limited resources to larger states with big commercial hubs.

¹⁵ The report argues that in Nigeria the transition from hyper-rural to meta-urban is disrupting the hierarchy of the national urban network. For example, Onitsha, Nigeria, became the country's second largest agglomeration with 6.28 million inhabitants following the merger with 20 agglomerations over the past 20 years).

¹⁶ At the same time, *Africapolis I Report* also emphasizes that the statistical situation remains problematic, with data inconsistencies and geographic and historical gaps in census coverage being the main constraints in analyzing urbanization dynamics in the West Africa region, particularly in Nigeria.

Rapid urbanization of major cities in Nigeria has undermined the rate of development in both urban and rural areas. The rate at which of urban slums have developed has also increased for states like Lagos, to which the majority of the youth population migrate. In rural areas, the migration of the rural youth labor force to urban areas also undermines agricultural productivity and development of the rural economy by diminishing the labor force population of rural areas. This migration also leads to the forceful explosion of urban areas into surrounding rural areas (see agglomeration type of effects beyond cities).¹⁷ This also has implications for agricultural production in those rural areas when more land is acquired for housing and infrastructure at the expense of agricultural production.

¹⁷ We are grateful to Xinshen Diao on this particular point.

6. PROSPECTS AND POLICIES FOR JOB CREATION IN AGRICULTURE AND EMPLOYMENT IN NIGERIA

Since the majority of the population and youth in Nigeria still live in rural areas and most activities in these areas are directly or indirectly linked to the agricultural sector, developing both the agricultural sector and the rural nonfarm economy to increase their labor-absorbing capacity is essential for reducing the growing levels of youth underemployment and unemployment in Nigeria. Current youth unemployment and underemployment challenges in Nigeria thus call for more visionary policy intervention in this important policy area to address the various constraints involved.

Institutional Reforms Remain Important

One of the key factors behind youth unemployment in Nigeria is the limited rate of job creation, taking into account the increasing addition to the labor force annually. Strengthening public institutional capacity through institutional reforms that would increase the rate of job creation would significantly improve the rate of employment by the public sector in Nigeria. At the same time, the gradual formalization of the informal job sectors in Nigeria through better monitoring, reforms, and further development of the informal sector would lead to new sources of growth in the sector that could increase the rate of youth employment. This would also promote labor-absorbing growth driven by the private sector, with a reduced cost of doing business in Nigeria (Aigbokhan 2009).

Promoting Agribusiness Education is also Key

At the same time, current youth education and skills gaps in Nigeria call for both urgent and long-term attention. The likelihood of bridging the employment gap without questioning current educational systems and skills development mechanisms in Nigeria is almost zero. There is an urgent need for reforms in the Nigerian educational sector to break the “skills-gap curse.” Incorporating more job-related and entrepreneurial skills into the education curricula of students in Nigeria could substantially increase their level of employability by prospective employers and mold them into future entrepreneurs and employers themselves. Indeed, in order to transform the agricultural sector to create jobs that youth aspire to, there is a need to incorporate well-structured training appropriate for imparting the skills needed by youth employed along agricultural value chains. Apart from comprehensive vocational training, there is also a need to revamp the agricultural education curriculum in both lower- and higher- education institutions to better prepare students of agriculture for the agricultural job market in Nigeria. This also will help substantially in the long run to enhance capacity development in this crucial area at the subnational and national levels, while at the same time making agriculture an attractive employment sector for Nigerian youth.

Enhancing further Agricultural Infrastructure Development

The presence of basic standards quality amenities such as regular power supply, transportation infrastructure, and health services can improve the prospects for job generation in the Nigerian agricultural sector. Developing further and revamping irrigation facilities in Nigeria will also reduce the level of time-related underemployment facing those living in rural areas.¹⁸ Since most crop production in Nigeria depends on rainfall, well-functioning irrigation systems in rural farming communities will ensure that agricultural production continues all year round. This, in turn, will reduce the rate of time-related underemployment in most rural areas. High-impact agricultural commercialization through better mechanization can be beneficial for small- and medium-scale farming activities and will also attract youth to work in the agricultural sector.

¹⁸ See Takeshima, Adeoti, and Papoola (2016) for further discussion.

Improvements on the Data Collection Front are also Essential

Poor information on youth employment severely constrains our ability to assess labor market outcomes in Nigeria. The agricultural information system is poorly developed to capture information on youth employment. There is a need to develop a proper national information and data collection system to track the annual inflow of youth into employment in both the formal and informal sectors of the economy. This will make it easier for policy makers to appreciate the scope of challenges facing youth employment so that they properly support job creation. Data on the type of skills that youth possess also will assist in addressing employment challenges posed by skills mismatch. At the same time, with proper and regular monitoring of agricultural programs for youth employment, shortcomings can be tackled early enough in the process and successful outcomes can be achieved, thus substantially improving youth employment prospects in agriculture.

Diversification of the Agricultural Economy: Value Chain Development and Value Addition

Although the agricultural sector employs the majority of the workforce in Nigeria, the sector still suffers from underdevelopment and a limited degree of diversification along the agricultural value chains. There are greater prospects for job creation for the youth in Nigeria when the agricultural sector is diversified. The diversification of the agricultural sector through value addition can actually lead to the development of other sectors that crucially depend on the agricultural sector, and this can lead to employment in those sectors for youth who are not involved in agriculture. Diversification of agricultural value chains should be targeted not only at increasing productivity but also at investing in human capital, which supports the development of agricultural value chains. The role of agricultural technology and improved extension services is central to the overall diversification process. Strengthening the agricultural economy through diversification will also ease the current constraints to employment in the agricultural sector.

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