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THE NIGERIAN ECONOMIC SUMMIT GROUP

From Hustle to Decent Work

Unlocking Jobs and Productivity for Economic Transformation in Nigeria

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Message from the NESG CEO

At the Nigerian Economic Summit Group (NESG), we believe that inclusive growth and economic transformation cannot be achieved without quality jobs, a productive workforce and a vibrant private sector. Nigeria has a large, youthful population, full of energy and potential. However, our economy has not created enough meaningful opportunities to harness this talent. As a result, our country faces the challenge of high informal work and limited opportunities for the majority of citizens.

This report is a timely and evidence-based contribution to the national discourse on economic transformation. It provides insights into the structural barriers to job creation, the skills mismatch across key sectors and the country's productivity challenge. It highlights the urgent need for the government to strengthen institutions that play important roles in creating decent jobs in Nigeria. More importantly, the report provides a clear and actionable framework for reform, anchored on priority sectors, skills development, enterprise growth, informal economy upgrading, productivity-led growth and strong coordination mechanisms across federal and state levels. We call this the **Nigeria Works Framework** - a blueprint for addressing the jobs and productivity challenge in the country.

We recognise that the prospect of the Nigerian economy depends on the implementation of reforms to support the growth and expansion of the private sector, which is the engine of job creation. This task must be executed in collaboration with key stakeholders such as the private sector, civil society, academia and development partners. At the NESG, we remain committed to fostering dialogue, supporting evidence-informed policymaking and convening critical stakeholders to chart a path toward a more productive, competitive and inclusive Nigerian economy.

As you engage with this report, I encourage you to reflect on the Nigeria Works Framework and the recommendations, and consider the role you can play in building an economy that works for all Nigerians.

Dr. Tayo Aduloju
CEO, NESG

Table of **Contents**

List of **Figures**

List of **Tables**

Abbreviations **and Acronyms**

3MTT	Three Million Tech Talent
AfDB	African Development Bank
AI	Artificial Intelligence
AMV	Africa Mining Vision
APP	Agricultural Promotion Policy
BOI	Bank of Industry
CBT	Competency-Based Training
CIT	Company Income Tax
CNG	Compressed Natural Gas
COREN	Council for the Regulation of Engineering in Nigeria
DBN	Development Bank of Nigeria
ERGP	Economic Recovery and Growth Plan
FAO	Food and Agriculture Organization
FCT	Federal Capital Territory
FGN	Federal Government of Nigeria
FMCG	Fast-Moving Consumer Goods
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ID4D	Identification for Development
ILO	International Labour Organization
IMF	International Monetary Fund
IoT	Internet of Things
ITF	Industrial Trust Fund
MDAs	Ministries, Departments and Agencies
MER	Market Exchange Rate
MITI	Ministry of Industry, Trade and Investment
MSMEs	Micro, Small, and Medium Enterprises
MW	Megawatts
NABTEB	National Business and Technical Examinations Board
NBS	National Bureau of Statistics
NBTE	National Board for Technical Education
NDCs	Nationally Determined Contributions
NDP	National Development Plan
NEEDS	National Economic Empowerment and Development Strategy
NEET	Not in Employment, Education, or Training
NEP	National Employment Policy

NERDC	Nigerian Educational Research and Development Council
NESG	Nigerian Economic Summit Group
NETP	Nigeria Energy Transition Plan
NGN	Nigerian Naira
NIPSS	National Institute for Policy and Strategic Studies
NISER	Nigerian Institute of Social and Economic Research
NIYEAP	Nigeria Youth Employment Action Plan
NMA	Nigerian Medical Association
NOS	National Occupational Standards
NPRGS	National Poverty Reduction and Growth Strategy
NSIP	National Social Investment Programme
NSQF	National Skills Qualification Framework
NUC	National Universities Commission
PEBEC	Presidential Enabling Business Environment Council
POS	Point-Of-Sale
PPP	Purchasing Power Parity
PV	Photovoltaic
RPL	Recognition of Prior Learning
SIWES	Student Industrial Work Experience Scheme
Ss3	Senior Secondary School 3
SSA	Sub-Saharan Africa
STEM	Science, Technology, Engineering, and Mathematics
TETFund	Tertiary Education Trust Fund
TVEs	Township and Village Enterprises
TVET	Technical and Vocational Education and Training
UBEC	Universal Basic Education Commission
UN	United Nations
UN WPP	United Nations World Population Prospects
UNESCO	United Nations Educational, Scientific, and Cultural Organization
US	United States
USDA	United States Department of Agriculture
VET	Vocational Education and Training
WEF	World Economic Forum
WHO	World Health Organization
WPP	World Population Prospects

EXECUTIVE SUMMARY

Nigeria's employment landscape faces significant structural barriers that require urgent and strategic actions from stakeholders. Despite modest economic growth since 2020, formal job creation has lagged, while informal employment remains high, accounting for over 90% of total employment, according to the National Bureau of Statistics. Many Nigerians engage in low-productive activities such as subsistence farming, petty trade, Point-Of-Sale (POS) operations and other basic services. They are overworked in terms of the number of working hours, underpaid and trapped in vulnerable work. These suggest that the jobs that will lift people out of poverty in Nigeria are inadequate.

Several constraints limit productivity growth and the creation of decent jobs in Nigeria. Macroeconomic instability, inadequate infrastructure, unstable power supply, regional underdevelopment, limited access to affordable finance and historical neglect of industrial policy raise business costs and constrain the ability of firms to expand and create better jobs. These factors have resulted in a weak capacity of the private sector to create formal employment, reflected in the low share of wage earners, the inability to scale up micro and small firms, the concentration of economic activities in urban cities and a narrow sectoral base.

KEY FINDINGS

This report assesses the state of jobs and productivity in Nigeria, drawing on data analysis, scenario modelling, case studies and stakeholder interviews.

- Our estimates show that to maintain an unemployment rate at 4.3% from 2025 to 2030, Nigeria must create 27.3 million jobs, i.e. an annual average of 4.55 million net formal jobs. Achieving this will be crucial to absorbing new entrants into the labour market and gradually transitioning workers currently engaged in low-productivity, informal jobs.

- Key sectors that should drive formal job creation include manufacturing (including agro-processing), construction, information and communications technology (ICT) and professional services. These sectors have the capacity to absorb labour from low-productivity sectors and drive the country's structural transformation process. Collectively, they are expected to contribute to 35% (9.7 million) of new formal jobs, while manufacturing alone will account for 21% of new jobs created during the period.

- To create these jobs, Nigeria must address the problems of low productivity and weak private sector growth in a coordinated and sustained manner. More urgent than ever, Nigeria needs a Jobs and Productivity Agenda to create decent jobs and raise productivity across the economy. The success of this agenda will depend on stakeholder collaboration, robust data architecture, continuous monitoring and evaluation and, more importantly, a firm commitment by the government to implement key reforms.

- To actualise this agenda, this report details a Nigeria Works Framework, which is the blueprint for delivering better jobs and higher productivity in Nigeria's changing labour market. This framework is built on six strategic pillars and interventions needed to raise productivity, unlock better employment opportunities and accelerate economic transformation. They include:

1. Skills for Productivity
2. Sectoral Engines of Job Growth
3. Enterprise-Led Growth
4. Informal Economy Upgrading and Inclusion
5. Data, Institutions and Accountability
6. Productivity for Prosperity

Some specific recommendations include:

- Launch a National Skills Development Programme with emphasis on technical and vocational skills, digital and soft skills.

- Establish a National Productivity Fund to support the growth of firms and enhance productivity.

- Create a Jobs and Productivity Council to drive policy coherence, monitor progress and advise on reforms and their implementation.

- Prioritise high-employment intensive sectors in national and state budgets and create industrial and sectoral policies to support these sectors.

- Strengthen MSME financing and support services.

- State governments can launch an Informal Sector Rejuvenation Programme to upgrade informal markets with better infrastructure, improved sanitation and digital payment systems.

Source: Canva

1.0 Introduction

Background and Context - Why Jobs and Productivity Matter for Inclusive Growth

Jobs and productivity matter in an economy.

Decent work and enhanced productivity remain the most sustainable way to lift people out of poverty and raise citizens' income (Azevedo, 2013). From 1990 to 2018, Nigeria's labour productivity growth averaged 1.5% and has been in decline over the last decade. In contrast, countries such as Indonesia and Malaysia recorded productivity gains of 2.5% during the same period[1], showing what is possible with sustained economic reforms.

A review of Nigeria's productivity performance over the past decade reveals that 81% of Nigerian workers are concentrated in sectors and activities with very low productivity (Erumebor, 2025). Subsistence agriculture and retail trade dominate the employment landscape, while the country continues to grapple with inadequate infrastructure, erratic power supply, low industrial output and insecurity. Nigeria needs better jobs to lift millions out of poverty, and to achieve this, raising productivity and creating decent jobs in large numbers must be at the core of the country's national development strategy.

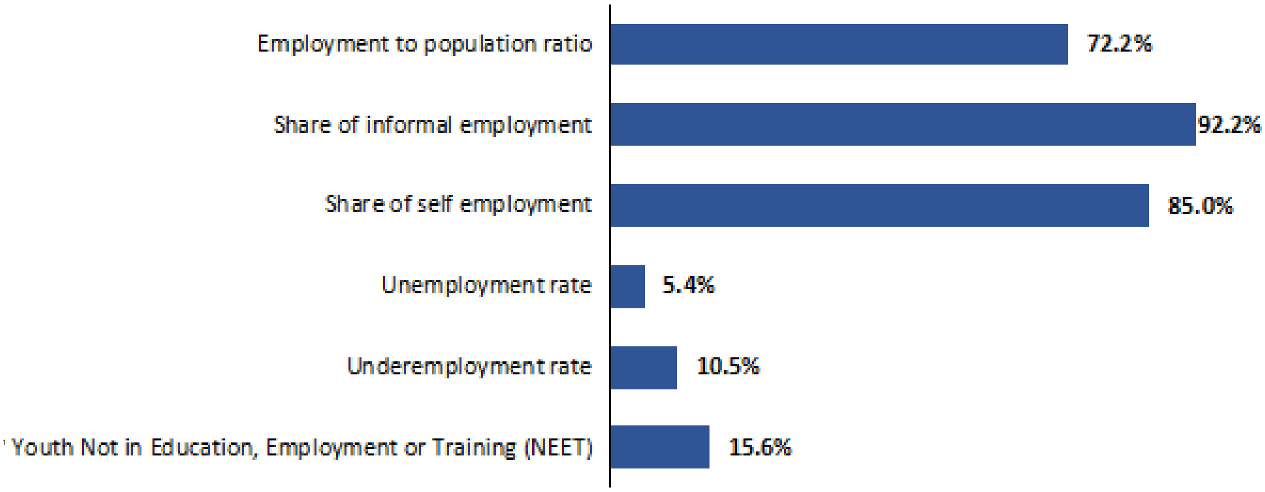
Nigeria's labour market is in a critical state.

With 93% of workers in informal employment (NBS, 2024a), many individuals operate in survivalist activities with limited opportunity for productivity gains and income mobility. In the last few years, Nigeria has experienced a reduction in the number of formal jobs, while its private sector, which should be the primary engine of job creation, has been severely constrained. More specifically, over the last decade (2015 – 2024), Nigeria has experienced two economic recessions, a weak currency and volatile exchange rate and high prices of goods and services.

These macroeconomic challenges have increased the cost of doing business, weakened the capacity of firms to expand and create jobs and eroded household income. In several states across the country, the government accounts for the largest share of wage-paying jobs, highlighting the shallowness of the private sector. Nigeria's most important engine for job creation is not as active as it should be, and thus, workers continue to seek options outside formal employment to remain economically active and earn a living.

[1] Authors' estimation from the Economic Transformation Database. See Reference List

Figure 1: Key Labour Force Statistics in Nigeria, 2023



Data Source: NBS; Chart: NESG Research

The challenge becomes more complicated, with 3.5 million[2] Nigerians entering the labour market each year. These young Nigerians are mostly underemployed, engaging in activities that are below their potential - POS operations, informal transport gigs and petty trading. With such activities dominating employment, Nigeria's demographic dividend is not being realised. This, of course, could trigger social unrest if nothing is done to ameliorate the situation. As Nigeria's population grows at a rapid rate, more decent jobs are needed to ensure citizens are productively engaged and to raise living standards.

Nigeria has a skills deficit problem.

First, the economy is not creating enough mid-productivity level jobs to cater for the increasing labour market entrants. Second, for the few jobs available, employers struggle to find workers with the relevant skills to match their demands. This includes both technical skills and soft skills like problem-solving, effective communication and digital literacy. In sectors like agriculture, manufacturing, construction and education, the skills deficit is severe, limiting output and productivity growth. Several companies have attempted to fix this problem by hiring foreign workers, as is the case in construction or by spending significant resources on training, filling gaps that should never have existed if the country had made significant investments and implemented reforms to enhance basic and secondary education. In other instances, the problem is left unresolved. Third, an emerging challenge is that skilled workers are increasingly migrating to countries where there is high demand and relatively better pay and working conditions. Specific areas such as medicine, ICT, finance and professional services have suffered from this, creating a growing talent gap in these areas or sectors. In an economy where productivity is already low, these challenges weaken the capacity of firms to grow, innovate and compete.

2 See https://www.worldbank.org/en/country/nigeria/overview

The future of work in Nigeria will be influenced by the country's growing population, the changing technology landscape, climate change and shifts in the global economy.

With the population estimated to reach 428 million by 2050 (US Census Bureau, 2025), this demography presents both a risk and an opportunity. If the economy does not create better jobs at scale, Nigeria will continue to reap the social consequences in the form of insecurity and conflicts. However, if the country invests in its people and critical sectors, there will be significant productivity gains. In all of these, technology will play a major role in the country's transformation journey. Over the last decade, tech-enabled sectors have expanded, creating new forms of work, improving access to finance and markets and driving innovation. The rise of fintech firms such as Flutterwave and Moniepoint demonstrates the potential of the technology ecosystem to create better jobs, reposition Nigeria as a hub for digital talent, bridge gaps in accessing markets and financial services and raise productivity in other sectors. However, these gains are still narrow, and can be supported by broader reforms that aim to integrate technology in sectors such as agriculture, manufacturing, construction, education and health.

While crude oil will continue to play a role in the Nigerian economy in the coming decades, there is still an urgent need for diversification.

Nigeria must grow capabilities in key sectors such as agro-processing, light manufacturing, renewable energy, construction, the creative economy, education and health. These sectors have the potential to create better jobs, raise productivity and strengthen Nigeria's integration into the global economy. Technology and skills development will be critical enablers across these sectors.

Despite the potential of these sectors, the country has not adequately prioritised them. For instance, the manufacturing sector has been affected by challenges of policy inconsistency, infrastructure deficit and lack of strategic direction, which have resulted in underinvestment in key aspects of the sector. Manufacturing drives job creation, boosts exports, builds resilience and raises productivity in the economy. Unlocking opportunities in this and other sectors will remain crucial if Nigeria is to play an important role in the regional and global economy.

For a country like Nigeria with a large youthful population, entrepreneurial strength and untapped opportunities in many sectors, the labour market holds tremendous potential. However, this potential has, over the years, been constrained by structural bottlenecks such as weak infrastructure, skills mismatch and low investment in critical sectors. Moving forward, the government must take the lead by first ensuring a stable macroeconomic environment and implementing targeted initiatives to address structural challenges and ensure a competitive workforce.

Objectives of the Report

The objective of this report is to assess the state of jobs and productivity in Nigeria and provide practical and evidence-based measures for creating better jobs and raising productivity in the country. This report:

- Explores the nature and drivers of informal employment in Nigeria.
- Assesses the skills gap and productivity challenges across sectors.
- Estimates the number and type of jobs Nigeria must create to raise income and ensure economic development.
- Identifies the sectors that can create better jobs in the future.
- Proposes strategic policy and institutional reforms needed to support job creation and raise productivity.
- Calls for an integrated Jobs and Productivity Agenda to align national efforts on job creation.

More importantly, the report proposes a ***"Nigeria Works Framework"***, which is a strategic blueprint for the creation of better jobs and raising productivity in Nigeria. The framework highlights priorities, pillars, interventions and stakeholders that will drive job creation efforts in the country.

Methodology

The report draws insights from a mixed-method approach, which includes:

- Stakeholder consultations with policymakers, private sector players, labour market experts and non-governmental organisations.
- Review of academic and policy literature.
- Data analysis using labour force surveys and national accounts.
- Scenario modelling to estimate future job needs and sectoral employment.
- Case studies from advanced and developing economies to draw lessons on what works.

Source: Canva

2.0

The State of the Labour Market and Productivity in Nigeria

With over 230 million people, Nigeria has a large and fast-growing population. The size of the country's working-age population was 141 million in 2024 and is estimated to double to 282 million by 2050, according to the US Census Bureau (2025). This rapidly growing young population presents both an opportunity and a challenge. If properly harnessed, it could drive productivity and economic transformation. However, without sufficient and decent jobs, the possibility of Nigeria reaping its demographic dividend becomes narrow. This section explores the nature of employment, Nigeria's productivity challenges from a sectoral lens, and the state of unemployment and skills deficit.

The Shrinking of Formal Jobs and the Rise of Informal Employment

A major feature of Nigeria's labour force statistics is the shrinking of formal jobs and the rise of informal employment. Before the recent change in labour force methodology in 2023, the number of fully employed individuals trended downwards, from 55.2 million in 2014 to 51.3 million in 2018 and 30.6 million in 2020 (NBS, 2021). Similarly, data from the National Bureau of Statistics (NBS) showed that unemployment rose from 6.4% in 2014 to 33.2% in 2020, indicating the economy's inability to create jobs in large numbers to accommodate labour market entrants. Rather, many Nigerians were engaged in jobs that were below their potential, as shown by the significant increase in underemployment rate, from 17.9% to 22.8% during the same period.

The Decline of Formal Jobs in Nigeria

In 2023, the NBS reviewed the country's labour force methodology, adopting new definitions for key indicators such as unemployment and underemployment[3]. The new methodology provided some interesting data and insights that shaped how unemployment and underemployment are viewed. But despite the change in methodology, Nigeria still had a very low rate of formal employment. As at 2023, formal jobs accounted for only 7.8% of total employment (NBS, 2024c), buttressing the point of a weak formal private sector and the inability of the economy to create decent jobs in large numbers. Among those who are employed, whether formal or informal, only a few are guaranteed their pay. While workers in wage employment are more assured of their pay and are likely to have job security and receive work-related benefits[4], only 15% of employed persons in Nigeria are wage earners (NBS, 2024c). 85% of workers are self-employed, further highlighting the structural weaknesses in the economy and the inability of Nigeria's private sector to accommodate a significant share of workers.

[3] Four major changes included adjusting the age range for the working age population from 15-64 years to above 15 years; amending the definition of the labour force population from individuals aged 15-64 years who are employed and unemployed to those above 15 years who are employed and unemployed; redefining unemployment as individuals who did nothing or worked for less than one hour from individuals who worked for at least 20 hours or did nothing and changing the definition of underemployed persons from individuals who worked between 20 and 39 hours within the reference period of a week to anyone who worked under 40 hours, which is 1 – 39 hours a week, and is willing to accept more hours of work.

[4] See Box 4 for a detailed assessment of the new methodology.

Figure 2: Breakdown of Employment in Nigeria in 2023

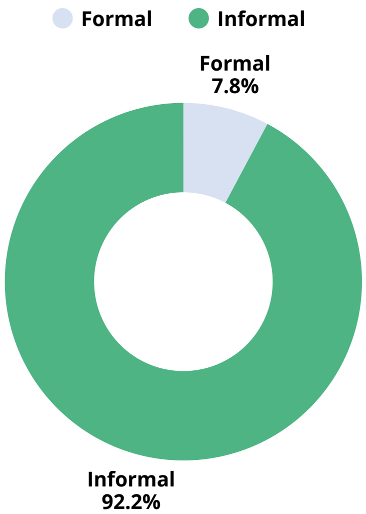
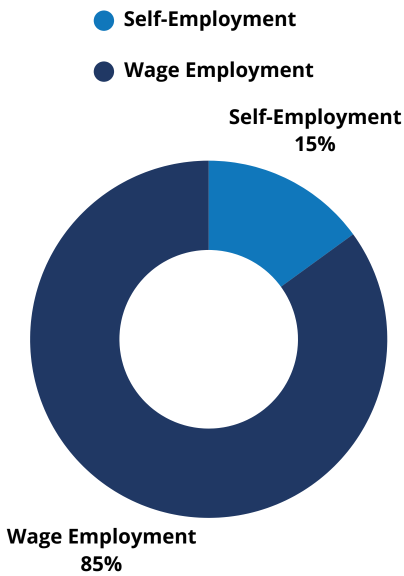


Figure 3: Employment Status in 2023



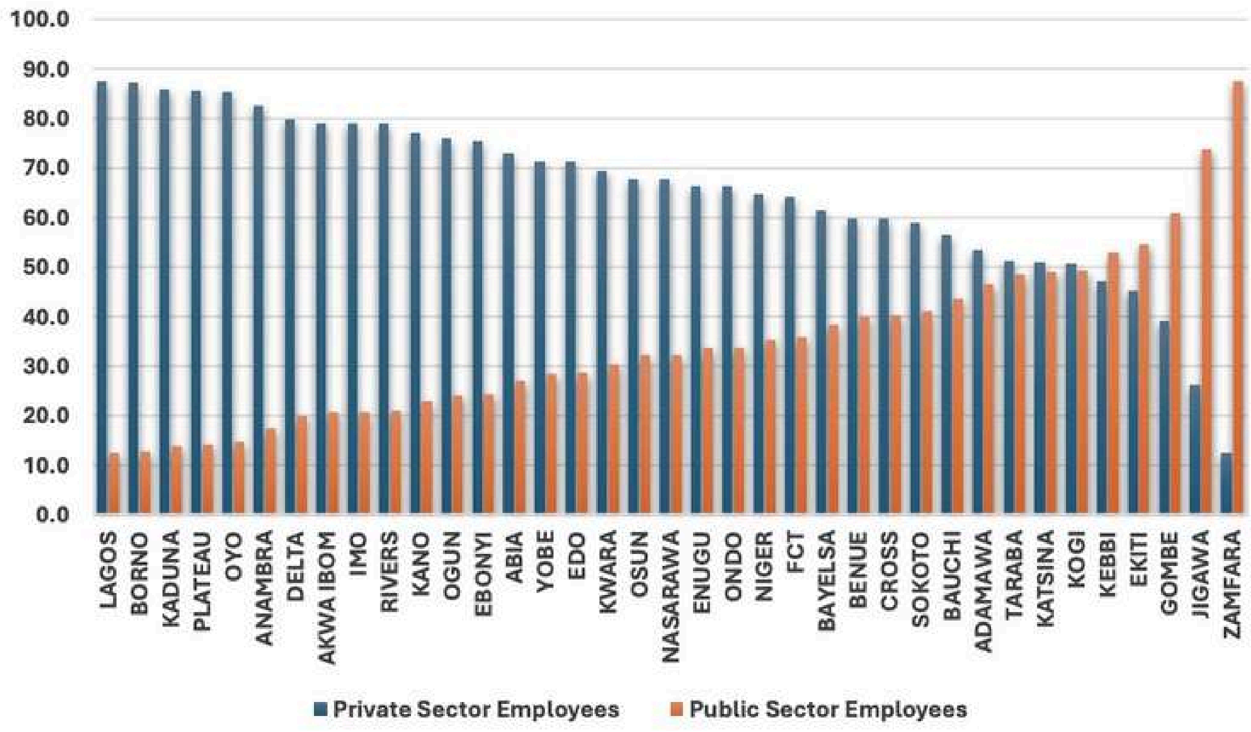
Data Source: NBS; Chart: NESG Research

Across states in Nigeria, the problem is further magnified, particularly in the northern part of the country. At 33.8%, Lagos had the highest share of wage earners in total employment in 2023, followed by FCT (27.2%), Oyo (26.7%), Rivers (26.5%) and Bayelsa (25.5%). Jigawa (3.3%), Sokoto (3.8%) and Kebbi (4.6%) had the lowest shares (NBS, 2024c). In these three states, there is a heavy reliance on government and informal activities for employment.

To further highlight the point about the weak capacity of the private sector to create formal jobs in Nigeria, data show that the government is the highest employer of wage earners in some states in the country (see Figure 4). These states include Zamfara, Jigawa, Gombe, Ekiti and Kebbi. In eight additional states (Benue, Cross River, Sokoto, Bauchi, Adamawa, Taraba, Katsina and Kogi), at least 40% of wage earners work for the government. Overall, at least 40% of wage earners in one- third of Nigeria's states, including the FCT, are employed by the government, suggesting a heavy reliance on public sector jobs in the country. The implication is that the wages of workers are closely linked to the fiscal health of the government.

While recent reforms - the removal of fuel subsidies and foreign exchange policies - have led to increased fiscal allocations to states, increasing their ability to pay salaries and meet short-term obligations, the risk associated with lower crude oil prices could undermine this stability. Nigeria's fiscal space is still dependent on crude oil revenues, and as such, any sustained decline in global crude oil prices will reduce the distributable revenue shared among the federal, state and local governments. When this happens, states with limited internally generated revenue will struggle to meet basic obligations, including salary payments. In such a scenario, the fragility of the labour market, where a significant portion of wage earners rely on the government, will become more pronounced. Without a strong and diversified private sector to create decent work, many households are exposed to the risks of income volatility that is not tied to their productivity but to the boom-and-bust cycle of crude oil.

Figure 4: Percentage of Employees (Wage Earners) in the Private and Public Sectors by State in 2023 (%)



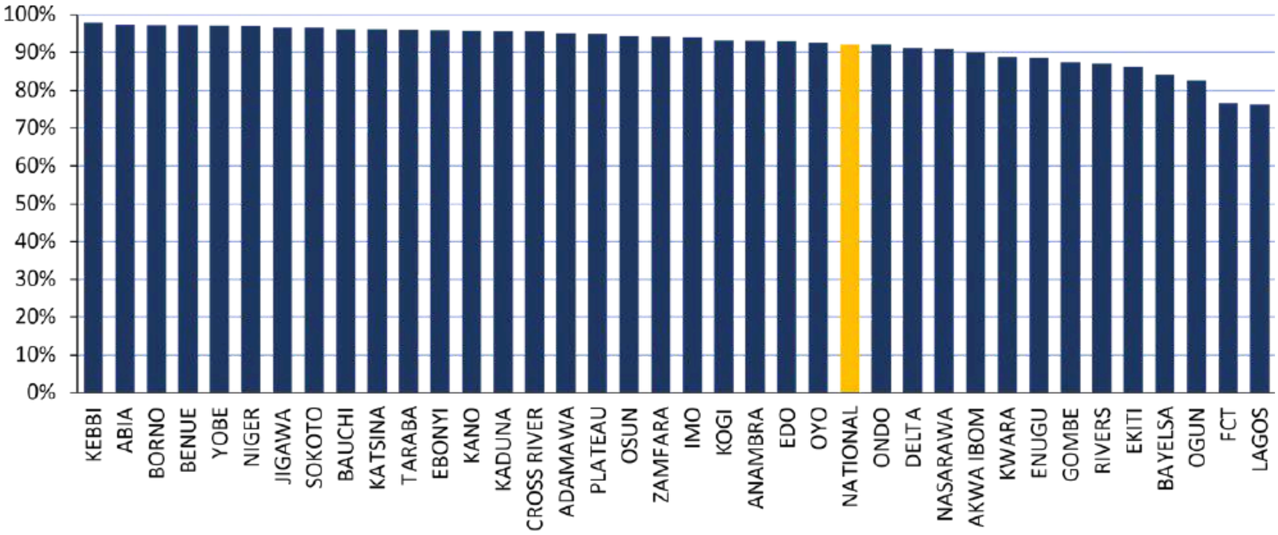
Source: NBS

The Rise of Informal Employment in Nigeria

The weak private sector capacity and reliance on the government for wage employment in some states have left millions of Nigerians with the option of finding work in the informal economy. The informal sector has become the default employer, absorbing a significant share of the country's workforce. Informal jobs, which are often characterised by low pay, limited security and low productivity, accounted for 92.2% of total employment in 2023 (see Figure 2). This share increased to 93% in the second quarter of 2024. The high share of informal employment presents a worrying signal and reflects the limited private and public investment in the sectors that can deliver quality jobs at scale.

A review of informality across the country shows that in more than 18 Nigerian states, informal employment accounts for over 94% of total employment. In states such as Kebbi, Abia, Benue and Borno, the shares are as high as 98%, 97.4%, 97.3% and 97.3%, respectively (see Figure 4). This scale of informality has huge implications. Not only does it limit the country's productivity growth, but it also undermines revenue mobilisation, particularly taxes. In addition, workers in the informal economy often lack social protection, healthcare, pensions and legal rights, leaving them highly vulnerable to economic shocks. For many workers, daily earnings are not stable and job security is not guaranteed.

Figure 5: Share of Informal Employment in Total Employment in 2023



Data Source: NBS; Chart: NESG Research

In Nigeria, the persistence of informal employment is both a reflection of individual choices and a consequence of structural challenges, some of which include:

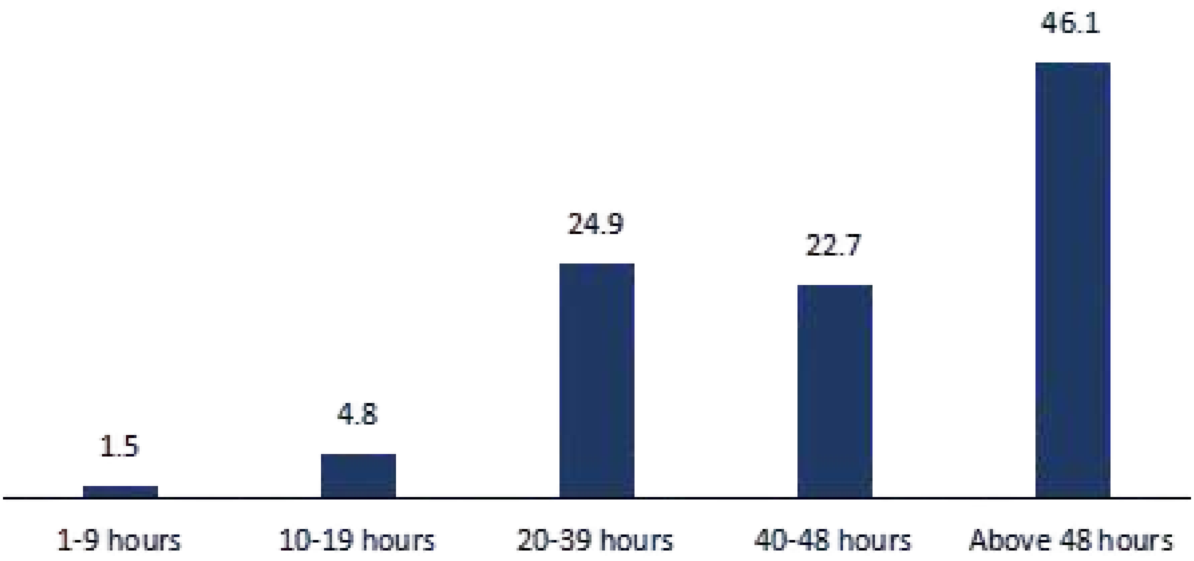
- Limited availability of formal jobs
- Weak industrial development
- Poor infrastructure
- Limited access to finance, technology and markets
- Heavy regulation of formal firms and bureaucratic red tape.

These barriers limit the growth of small businesses and encourage the prevalence of informal firms in the economy.

Nigerians are working for longer hours to make ends meet

With a significant share of workers in the informal economy, most Nigerians work for longer hours above the standard weekly working hours of 40 to make ends meet. In 2023, almost half (46.1%) of employed persons worked for more than 48 hours per week (NBS, 2024c). This reflects the nature of most informal workers, who often work during weekends. It also suggests that many Nigerians are overworked, often out of necessity rather than choice, particularly in informal or low-paying jobs where longer hours are required to meet basic needs. This highlights the need for better jobs that can offer fair pay, decent working conditions and predictable hours.

Figure 6: Distribution of Working Hours



Data Source: NBS; Chart: NESG Research

Box 1:
Rethinking the Informal Economy in Nigeria

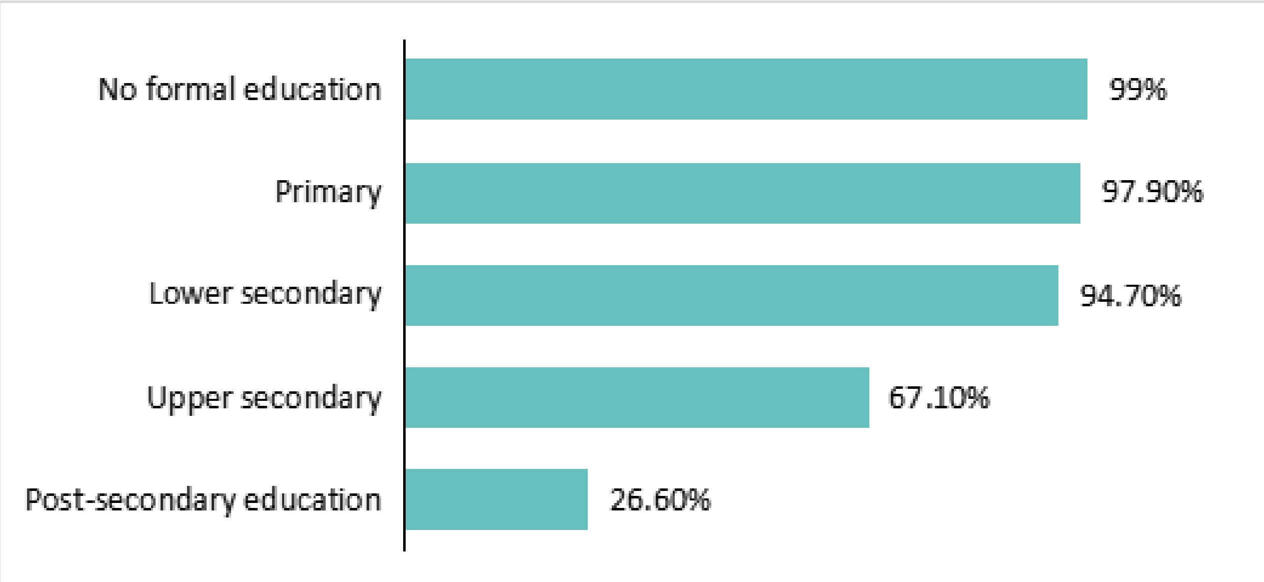
The informal economy is an integral part of Nigeria's labour market. The rise of the informal economy is both a consequence and a cause of the country's economic challenges. As the economy becomes tougher, people are pushed into informal work. However, informal work traps individuals and creates an unproductive economy. But instead of viewing informality as a problem that needs to be eradicated through punitive measures, the conversation should focus on reorganising (rather than just formalising) the informal economy. The discourse of formalising the informal sector focuses more on what informal business owners must do to integrate into the formal economy i.e. business registration and payment of taxes.

Reorganising the informal economy extends the focus to include what the government can provide to informal businesses. This includes rebuilding markets, enforcing standards and sanitation rules, providing infrastructure, access to affordable finance, market, skills and other support. The goal should be to improve the productivity of informal enterprises, providing these businesses with the tools and environment they need to grow, innovate and contribute meaningfully to the economy, and in the process become formal firms.

Education and Employment Quality: A Case of Labour Underutilisation

There is a clear link between informality and education in Nigeria. Data from the NBS indicated an inverse relationship between informal employment and educational attainment. In the second quarter of 2024, nearly all workers with no formal education (99%) and those with only primary education (97.9%) were in informal jobs. Among those with lower secondary education, the share stood at 94.7%. However, the share drops significantly among those with upper secondary (67.1%) and post-secondary education (26.6%).

Figure 7: Informal Employment and Level of Education in 2024 Q2



Data Source: NBS; Chart: NESG Research

This pattern highlights the important role of education in shaping the structure of employment in the country. The fact that only about one in four Nigerians with post-secondary education is employed in the informal economy suggests that education protects against low-quality work. Essentially, the education-employment link highlights two important points. **First**, improving access to and quality of education, especially beyond the secondary level, may be crucial for reducing informality. This is because individuals with higher levels of education are more likely to secure the few formal jobs that are available, particularly in sectors such as finance, information and communication, professional services and public administration. Tertiary education also equips some individuals with both soft and technical skills that are often required in the formal economy, thereby increasing their employability. On the other hand, individuals without post- secondary education tend to be concentrated in low-productivity, low-wage and often vulnerable informal activities such as petty trade, subsistence farming and informal manufacturing. **Second,** educational gains must be complemented by economic reforms and sectoral investments that create more formal employment opportunities. Otherwise, an increasing number of educated Nigerians may find themselves in informal work, underemployment or migrate to other countries, as seen in recent times.

On education and capacity for work, not all individuals with a higher level of education engage in full-time work. Few of these educated individuals are underemployed, working in roles that do not match their qualifications (see Table 1). They operate small businesses or freelance in the gig economy, which is technically informal, but less precarious than typical informal jobs in retail or subsistence agriculture. In addition, there is a growing trend of educated informality, where individuals with degrees end up in ventures like POS operations, retail trading or ride-hailing simply because the labour market does not produce adequate formal jobs.

Finally, in some cases, education becomes a ticket out of the country. As noted by the Nigerian Medical Association (NMA), 33,000 of the 75,000 Nigerian doctors registered with the Association have emigrated (Kareem, 2021). This is despite the country's low physicians per 10,000 population at 3.9 in 2021 (WHO, 2023), far below the recommended threshold of 23 doctors per 10,000 population. In the last decade, nurses, IT professionals, research analysts, financial analysts and academics have emigrated, citing the rising cost of living and limited economic opportunities.

The migration challenge is not just a problem of today but also a problem of the future. Onah et al. (2022) surveyed 913 physicians across Nigeria and found that 44% plan to emigrate due to poor remuneration, rising insecurity and inadequate diagnostic facilities. According to the NBS (2024b), among the individuals aged 15 years and older who plan to migrate, 26.6% would like to relocate to another country. The emigration of skilled Nigerians highlights a deeper failure of the economy to reward education with opportunity. This trend depletes Nigeria's human capital stock and also weakens the capacity of critical sectors like health, education and technology to function effectively and drive development.

Table 1: Unemployment and Under-Employment Rate by Level of Education

	Unemployment Rate	Underemployment Rate	Combined
Secondary and Below	4.8%	11.0%	16.0%
Post Sec and Above	9.1%	6.5%	16%

Source: NBS and NESG Research

Despite differences in educational attainment, Nigeria's labour market presents a dual challenge (see Table 2). For individuals with lower levels of education, many are stuck in underemployment, earning little in low-productivity, informal roles. While the unemployment rate for these individuals is relatively low at 4.8%, their underemployment rate is higher at 11.0%. This suggests that many are working, but are not meaningfully engaged. On the other hand, those with post- secondary education face a different problem. While they are less likely to be underemployed (6.5%), their unemployment rate is nearly double that of the less educated at 9.1%. This signals a labour market that is failing to absorb skilled talent, not just due to a mismatch in skills, but also because the economy is not creating enough formal, mid-to-high-productivity jobs.

Although the combined unemployment and underemployment rate for both groups is the same (16%), the experiences behind the numbers are different. The less educated are working more, but in poor-quality jobs. The more educated are relatively better trained, but often idle. This is the core of Nigeria's labour market dilemma: a system where neither group is fully optimised, pointing to the urgent need for a coherent jobs agenda that tackles both demand and supply-side constraints in the labour market. When the private sector expands significantly, more formal jobs are likely to be created, and these roles will mostly be filled by educated Nigerians. However, the less educated must not be left behind. This jobs agenda, therefore, must prioritise investment in labour-intensive, value-creating sectors, and align education and training systems with the current and future needs of work.

Table 2: Nigeria's Employment-Education Dilemma Matrix

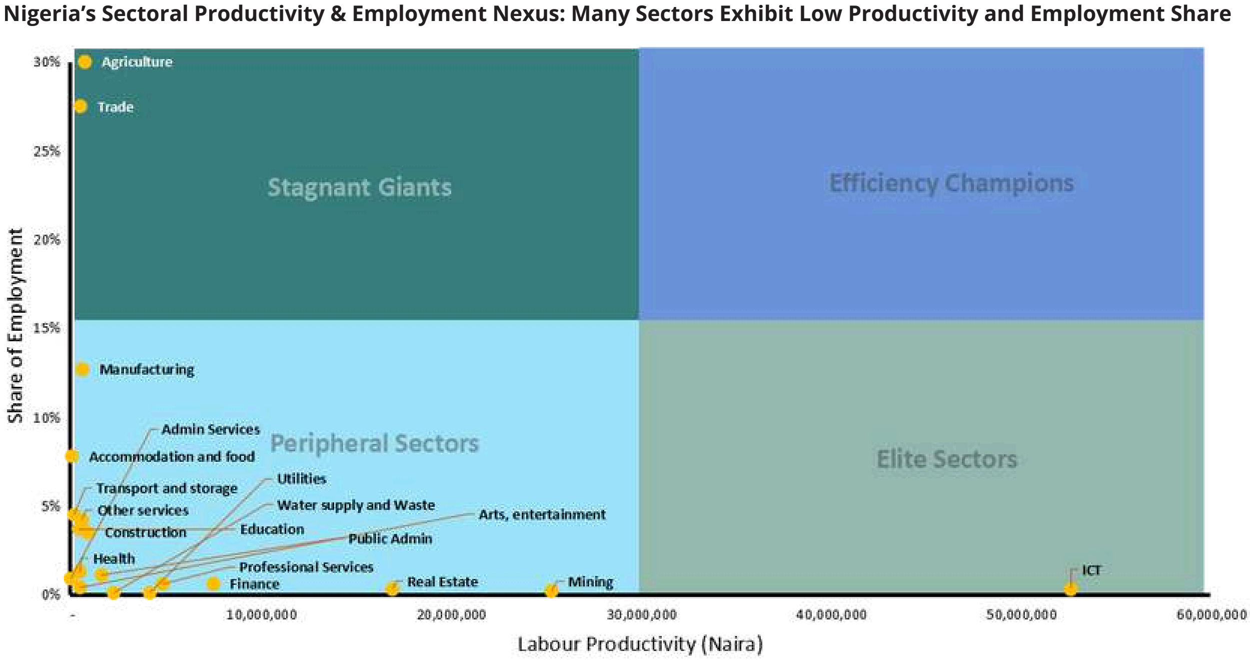
	Formal Jobs Available	Formal Jobs Not Available
High level of Education	• Absorbed into formal jobs (but limited numbers, e.g. tech, finance) • Many obtain good jobs but some are underemployed or unemployed	• Few get good jobs • Many are underemployment or unemployment or move to the informal economy • Skills wasted; Emigration; Frustration grows
Low level of Education	• Excluded from most formal jobs • Low skills mismatch; stuck in informal work	• Forced into informal jobs and stay there without hope of transitioning • Low productivity, unstable income and insecure livelihoods

Source: NESG Research

Sectoral Employment Dynamics: Where Labour is Employed Matters for Economic Development

Even among those who are employed, the majority work in sectors with the lowest productivity level. Over 80% of workers in Nigeria were employed in sectors with low levels of productivity - agriculture and non-tradable services in 2021, suggesting that the kind of jobs needed to generate income growth and lift many Nigerians out of poverty are not available in large numbers (Erumebor, 2023).

Figure 8: Sectoral Labour Productivity by Sector (Naira) and Share of Employment in 2023 in Nigeria[5]



Source: Created by NESG Research Using NBS data on Sectoral GDP and Employment for 2023

Figure 8 shows that most sectors in Nigeria are clustered in the "Peripheral Sectors" quadrant, with a low share of employment and labour productivity. In the Stagnant Giants quadrant, agriculture and trade, which account for the largest share of employment, are among the sectors with the least labour productivity. Within agriculture, subsistence farming accounts for a significant share of agricultural employment in Nigeria. In 2024, about 70% of households in Nigeria were engaged in crop farming, and 43% in livestock activities (NBS,2024b), suggesting that agriculture is still a major income-generating activity for most households.

[5] Figure 8 categorises sectors into four quadrants based on labour productivity (sectoral output in Naira/number of workers) and employment share. The quadrants are Peripheral Sectors, Stagnant Giants, Efficiency Champions and Elite Sectors. Peripheral Sectors are sectors with shares of employment below 15% and labour productivity below N30m. "Stagnant Giants" consists of two sectors with high employment shares but low productivity levels. The Elite Sectors quadrant has only one sector, ICT, with high productivity but a very low employment share. The sector has a huge untapped potential to scale employment through digital job creation. The Efficiency Champions quadrant has no sector. The absence of sectors in this quadrant reveals a critical structural gap. Mature economies typically have "Efficiency Champions" such as advanced manufacturing, logistics sectors that combine both scale and productivity. This quadrant should be a policy target for professional services, agro-processing or light manufacturing.

In terms of productivity, yields on major crops are still low compared to countries like Brazil, China, India, Indonesia and South Africa (see Table 3). When we consider the 18 activity sectors in the economy, agriculture is the largest employer of labour, accounting for 30% of employed workers in 2023 (NBS, 2024c). However, in terms of labour productivity, the sector was ranked tenth in 2023, with a value of ₦761,861, far below the average productivity of ₦6,351,341. The sector continues to face structural challenges of post-harvest loss, poor access to finance, limited infrastructure and insecurity.

Table 3: Yield (Metric tons per hectare) in 2023/2024

	Nigeria	India	Indonesia	Brazil	China	SouthAfrica
Rice	2.47	4.32	4.73	6.58	7.14	-
Coarse Grain	1.43	2.28	3.43	5.25	6.37	4.38
Corn	1.94	3.35	3.43	5.50	6.53	4.50
Sorghum	1.12	1.16	-	3.30	4.76	2.33

Coarse Grain includes: Barley, Corn, Millet, Mixed Grains, Oats, Rye and Sorghum
Source: United States Department of Agriculture

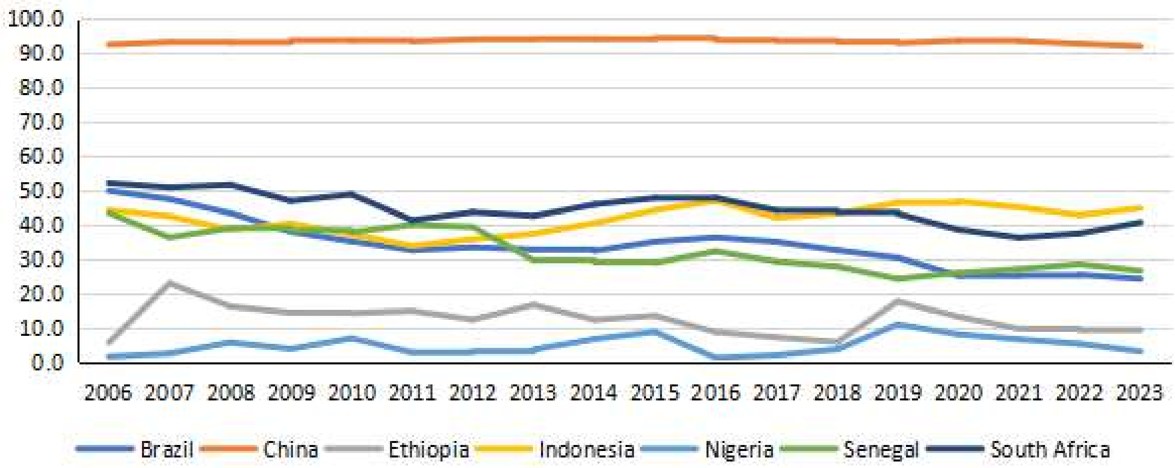
Beyond agriculture, many Nigerians work in non-tradable services, particularly retail trade, which shares similar characteristics of low productivity. Most Nigerians engage in services such as ride- hailing, delivery services, low-end transport gigs and home-based enterprises, etc. According to the NBS, more than half of Nigerian households (59.2%) operated a non-farm enterprise in 2023/2024, while approximately seven out of ten non-farm enterprises involve retail activities. Retail trade is dominated by small informal shops, kiosks, market stalls and street vendors. These enterprises typically operate at low capacity, with limited value addition and little use of capital and advanced skills. As a result, productivity remains low when compared with sectors like manufacturing or tradable services such as ICT and finance. Many of the workers in retail trade are engaged in these activities not by choice, but due to the absence of better alternatives. Therefore, their skills may not be fully utilised, and the sector itself does not often require advanced training or upskilling.

An important point to note is that agriculture and petty trade are important in the development process as they serve as an initial source of livelihoods, especially at the early stages of structural transformation. However, without significant productivity improvements in these sectors, combined with structural shifts of labour towards higher value-added sectors, millions of Nigerians may be trapped in working poverty. In agriculture, raising productivity will require investment in machinery and adopting other forms of technology, which may result in a decline in the sector's share of total employment. As productivity rises, the sector tends to absorb fewer workers. Improving the productivity of the sector is therefore important in freeing up labour for other productive activities and in ensuring food security and supplying raw materials and intermediate inputs to manufacturing.

The challenge for Nigeria, over the years, is that labour is not moving into higher-productivity sectors. More recent data from the NBS (2024c) suggest that, collectively, low-productivity services accounted for 46.5% of total employment in 2023, even higher than agriculture's share of 30.1%. In 2018, agriculture accounted for about 50% of workers. This suggests that Nigeria has witnessed a shift from one low-productivity activity (subsistence agriculture) to another (non-tradable services), rather than the kind of structural transformation that drives long-term productivity and income gains (Erumebor, 2025).

One of the mid-to-high productivity sectors that can absorb labour in Nigeria is manufacturing. The sector offers greater potential for learning-by-doing, economies of scale, export growth and linkages with other sectors, such as agriculture, construction and logistics (Felipe, 2018). In many countries that have experienced structural transformation, the expansion of manufacturing subsectors such as textiles, food processing, furniture and metals played a central role in absorbing labour from lower-productivity activities and raising overall economic productivity. Nigeria, however, has struggled to replicate this path as the sector still accounts for 3% of export earnings and less than 10% of real gross domestic product (GDP) (NBS, 2025a & NBS, 2025b).

Figure 9: Manufactured Goods Exports as a Percentage of Total Goods Exports



Source: World Development Indicator

Feedback from the interviews conducted as part of this research points to a range of constraints that limit the growth of the manufacturing sector. Interviewees cited infrastructure deficit, particularly the persistent unreliability of electricity supply, which raises production costs and erodes competitiveness. Firms are forced to self-generate power, increasing overheads and reducing margins. Other infrastructure issues include the poor state of roads and bridges, which raises the distribution and logistics costs for manufacturing firms. Several firms also cited foreign currency risks, given that many manufacturers rely on imported inputs and machinery. These risks are compounded by limited access to finance and the high cost of borrowing, multiple taxation, policy inconsistency, insecurity and low purchasing power. These constraints have limited the sector's ability to create better jobs and drive productivity growth in Nigeria. Although there are a few examples of successes in the sector like the recent Dangote Refinery, the support for manufacturing, in general, remains weak.

Some challenges facing the manufacturing sector in Nigeria include:

- Infrastructure deficit and poor power supply
- Foreign currency risks due to exchange rate volatility
- Limited access to finance and high cost of capital
- Insecurity
- Multiple taxes (CIT, taxes and levies to local government and non-state actors, education tax, etc).
- Inconsistent policies and the focus of some MDAs on generating revenue rather than supporting business growth.
- Low purchasing power, which reduces margins and limits firms' ability to scale.

Table 4: Nigeria's Labour Productivity and Employment by Sector (Rank) in 2023

Sectors	Labour of Productivity (Rank)	Share of Employment (Rank)
Information and Communication	1	15
Mining and Quarrying	2	17
Real Estate Activities	3	16
Financial and Insurance Activities	4	12
Professional, Scientific and Technical Activities	5	13
Electricity, Gas, Stream and Air Conditioning Supply	6	19
Water Supply, Sewerage waste management and Remediation	7	20
Public Administration and Defence: Compulsory Social Security	8	10
Construction	9	8
Agriculture, Forestry and Fishing	10	1
Manufacturing	11	3
Other Service Activities	12	6
Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles	13	2
Arts, Entertainment and Recreation	14	14
Human Health and Social Activities	15	9
Education	16	7
Transportation and Storage	17	5
Accommodation and Food Service Activities	18	4
Administrative and Support Service Activities	19	11
Activities of Households as Employers: undifferentiated goods and Services Producing Activities of Households for own use	-	18

Source: NESG Research

As highlighted earlier, a key challenge is that the productive sectors are not absorbing labour and the sectors that do absorb labour, such as retail trade and subsistence agriculture, are not productive enough. This creates a growth paradox: rising employment in low-productivity informal activities but stagnant incomes for workers and limited upward mobility. For Nigeria to break this cycle and significantly reduce poverty and accelerate inclusive economic growth, it must expand opportunities in mid- to high-productivity sectors like light manufacturing, agro- processing and high productivity services like ICT and professional services.

Source: Canva

Box 2: Why is Nigeria's formal private sector unable to absorb more labour?

Nigeria's formal private sector remains structurally weak, both in scale and in its capacity to generate decent jobs in large numbers. Several factors reflect this: a fragmented labour market structure, the spatial and institutional concentration of economic activities, low firm growth/survival and a narrow sectoral base.

- **Fragmented Labour Market Structure**

Only a small share (14.4% in 2024Q2) of employed Nigerian workers earn regular wages, pointing to the limited absorptive capacity of formal firms. Most firms operate informally i.e. they are unregistered, outside regulatory oversight, lack social and legal protections and employment benefits. This widespread informality limits productivity and job quality. The absence of formal jobs in large numbers pushes many Nigerians into self-employment, working in petty trading or subsistence farming. This contributes to a labour market dominated by survivalist work.

Even within formal firms, job creation is constrained. Many registered businesses remain micro or small for decades, struggling to scale due to limited access to affordable credit, poor infrastructure and high regulatory burdens, among other barriers. As a result, they cannot grow to become medium or large, labour-absorbing firms needed to transform the economy.

- **Spatial and Institutional Concentration of Economic Activities**

In some parts of Nigeria, the public sector is the main source of wage employment (see Figure 4). As highlighted earlier, at least 40% of wage earners in one-third of Nigeria's states, including the FCT, are employed by the government. This reflects the weak presence of the formal private sector in some states and creates a fragile labour market that depends heavily on government fiscal capacity. In addition, economic activities are heavily clustered in state capitals and urban cities. Outside state capitals and few urban centres, many local economies are largely informal and underdeveloped, driven by retail trade and subsistence activities. The absence of vibrant subnational economic hubs limits the geographical spread of private sector development.

These patterns are compounded by broader constraints such as insecurity, policy uncertainty, limited domestic demand, limited infrastructure connecting rural and urban areas and weak institutions. Altogether, they deter long-term investment and reduce the incentive for firms to formalise, expand or innovate.

- **Low Firm Growth/Survival**

Survival and scalability are major challenges for businesses in Nigeria. A large share of firms remains small for years and are unable to grow significantly due to limited access to finance, poor infrastructure and a tough regulatory environment. In addition, skills mismatch is a challenge, as labour supply does not align with private sector demand, reducing productivity and disincentivising formal job creation. These constraints make it difficult to expand operations or absorb labour at scale.

· **Narrow Sectoral Base** From a sectoral point of view, there is an increasing concentration of formal activities in areas such as finance and telecoms, which accounted for 21% of Nigeria's real GDP in 2024 and are among the fastest-growing sectors. This also means that opportunities are not rapidly expanding across a broad range of industries. In addition, many Nigerian firms are inward- looking, reflected in the low share of non-oil exports in total exports, which was 11.7% in 2024 (NBS, 2025a). Examples from several Asian countries point to the fact that rapid growth of non-oil exports is a viable way to enhance the capacities of local firms and create more jobs. In Nigeria, the limited expansion of non-oil exports has constrained the breadth and depth of private sector development. This reduces the number of jobs that can be created for semi- skilled and limits the pathways for inclusive employment in the country.

Table 5: Understanding Nigeria's Limited Private Sector Capacity

Observed Feature	Underlying Reason	Note
Fragmented Labour Market Structure • Low share of wage-paying jobs and high self-employment • High informality	• Weak formal private sector growth, especially in labour-absorbing sectors • Limited access to formal wage jobs • Poor infrastructure, regulatory bottlenecks, limited incentives to formalise	• Firms are too few, too small and face high operating costs, so they do not expand hiring • People are pushed into informal work or subsistence entrepreneurship out of necessity • The cost of formalisation outweighs the benefits for many businesses
Spatial and institutional concentration of economic activities • Low share of wage- paying jobs and high self-employment • Public sector dominates wage employment in some states	• Weak private sector activity in some states and outside major commercial centres/state capitals. • Regional underdevelopment, insecurity, and lack of investment	Many state economies rely heavily on government expenditure, not private enterprise. Private capital and infrastructure are concentrated in urban centres
Low Firm Growth/Survival	Limited finance, inadequate infrastructure, skills gaps, policy uncertainty and tough macroeconomic environment	Firms cannot scale due to structural bottlenecks, so they remain small and informal
Narrow Sectoral Base	Historical neglect of manufacturing and industrial policy	Growth has been led by extractive and services sector, with limited diversification into job-creating sectors and low non-oil exports

The weakness of the formal private sector is not a coincidence. Rather, it reflects deeper structural issues in the Nigerian economy. Nigeria needs deliberate policies to broaden economic activities beyond some sectors, urban areas and the government by reducing barriers to doing business, ensuring policy clarity and execution and strengthening private sector dynamism across the country. Otherwise, the country will continue to struggle with the creation of low-formal jobs and high labour informality. Building a stronger, more inclusive private sector is not just desirable, but it is essential for creating quality jobs and lifting more Nigerians out of poverty.

The State of Unemployment in Nigeria: Who is Affected and Why it Matters

The recent review of the labour force methodology in Nigeria changed how unemployment and underemployment are viewed. Prior to the change in methodology, the National Bureau of Statistics (NBS) defined the unemployed as individuals who worked below 20 hours or did not work but were searching and available for work in the reference week. Using this definition, 23.2 million individuals were unemployed in 2020, i.e. 11 million worked for 1-19 hours and 12.2 million did nothing. The unemployment rate was 33.3% while underemployment rate, which represented individuals who worked for 20-39 hours, was 22.8%. This implies that Nigeria had both a skills shortage problem and limited number of jobs to cater for the unemployed. As such, government policy documents and agendas emphasised the creation of jobs for the unemployed. For instance, the National Development Plan (2021-2025) aimed to create 21 million jobs to reduce unemployment to 19.6% by 2025.

The change in methodology has not only redefined unemployment but has also shed light on the complexities within the labour market. In the new methodology, the definition of unemployment includes only those who did not work and were actively searching for work. With this, the overall unemployment rate in 2023 was 5.4% and 4.3% in 2024Q2. While this may suggest progress, the challenge lies in addressing the quality of employment, especially given the large informal sector and the uneven distribution of job opportunities[6].

To better understand the dynamics of unemployment in Nigeria, it is crucial to explore the data by key demographic factors such as age, gender, area of residence and education level. These factors reveal important insights into which groups are most vulnerable to job insecurity and provide a clearer picture of the structural challenges in the labour market. For example, younger individuals, women and urban dwellers often face disproportionately high unemployment rates, suggesting that government policies must be more tailored to address these disparities. More specifically, a review of the unemployment rate by gender in 2023 showed a higher rate for females (6%) than males (4.7%). Similarly, younger individuals aged 15-24 had the highest unemployment rate of 10% compared with all other age groups. Urban unemployment rate was 6.8%, higher than rural (3.5%), while individuals with secondary, post-secondary and postgraduate qualifications had a higher unemployment rate than those with a lower education level.

[6] See Box 4 for a review of the recent labour force methodology

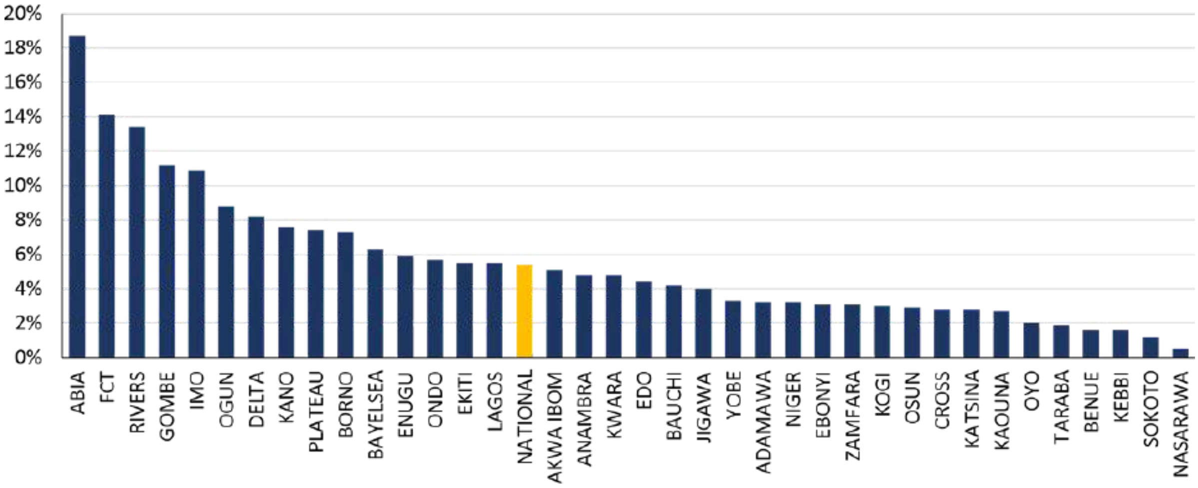
Table 6: Unemployment Statistics in Nigeria, 2023

	Unemployed	%
National	4,792,296	5.4
Sex		
Male	2,062,701	4.7
Female	2,729,595	6.0
Education Level		
No Education	768,085	3.2
Primary	945,512	4.1
Secondary	1,949,956	6.7
Post-Secondary	1,105,567	9.4
Postgraduate	23,176	3.8
Age Group		
15-24	2,083,149	10.1
25-34	1,474,058	8.0
35-44	674,202	3.4
45-54	312,884	2.2
55-64	149,076	2.1
65+	98,926	2.5
Place of Residence		
Urban	3,489,393	6.8
Rural	1,302,903	3.5

Source: NBS, NESG Research

By states, 14 states and the FCT had unemployment rates that were higher than the national rate of 5.4% in 2023. Abia, FCT and Rivers had the highest unemployment rates, while Nasarawa, Sokoto and Kebbi recorded the lowest.

Figure 10: Unemployment Rate by States in 2023



Data Source: NBS; Chart: NESG Research

The Shortage of Skills Across Key Sectors - A Major Constraint for Growth and Productivity

The skills gap problem is prevalent across major sectors of the economy – agriculture, manufacturing, construction, etc. To examine the severity of Nigeria's skills shortage problem, this section draws insights from the interviews conducted with industry experts by the NESG Research team in March and April 2025[7].

From the interviews, all the experts noted that they struggle to find individuals with the right skills in their respective sectors – agriculture, consulting, manufacturing and education. This skills gap is not only about technical know-how but also soft skills, which include problem-solving, critical thinking, communication and work readiness. According to an interviewee, across many trade skills, which are important in sustaining the economy, it is difficult to find skilled builders, fabricators, plumbers, etc.

> "In construction, for instance, companies often hire workers from Cotonou because they have better skills than Nigerians. So, you wonder what is happening to our boys? Where did we go wrong that we have to bring in people from a neighbouring country to do plastering or to fix toilets? It is a very difficult problem"
> (Code F, March 21, 2025).

Because of the dearth of technical skills among individuals, many employers spend significant resources training their workers on technical functions specific to their operations[8]. This increases their cost of doing business and can discourage further expansion or job creation. Instead of deploying resources toward innovation, equipment upgrades, or scaling operations, companies are forced to fill the skills gap left by an underperforming education and skills development system. This trend also contributes to the mismatch between the supply of labour and the actual needs of the economy. It reinforces informality, as many employers opt for casual or temporary labour to avoid the cost and commitment of training underprepared workers. In the long run, this affects firm-level productivity and limits the country's ability to develop a globally competitive workforce.

In the agricultural sector, interviewees noted that many farmers in Nigeria lack the relevant skills to effectively execute farming practices and adopt modern techniques to maximise productivity. Many still lack knowledge of basic agronomic skills such as proper fertiliser application (timing, dosage, and method), pest and disease management, post-harvest handling, storage, and preservation techniques. This knowledge gap limits their ability to scale operations or transition from subsistence to market-oriented farming. While there

7 See Appendix for more details.

8 Although many employers expressed concerns about the high cost of training, others acknowledged that investment in workforce development is standard practice globally and essential for maintaining a competitive edge.

has been some progress through government, private sector and donor-led extension services over the years, the reach and overall effectiveness of these programmes remain inadequate. According to the NBS (2024b), only 24.4% of farming households received any form of extension services. Even among these farmers, the coverage was limited – only 16.9% of households received information on new seed varieties, 12.8% on fertiliser use and 9.9% on pest control.

One major challenge in the agriculture sector is the shortage of extension workers to meet the needs of the farming population in Nigeria. One of the experts interviewed during this research estimated the worker-to-farmer ratio at 1:10,000, similar to the ratio of 1:7,500 reported by Mabaya et al. (2021). This is far below the FAO-recommended benchmark of 1:400 (FAO and ITU, 2016), indicating that Nigeria's extension system is under-resourced. Importantly, this challenge of a limited number of extension workers or access to extension services has been a long-standing problem that is well-documented in government policy documents. For instance, the Agricultural Promotion Policy (APP) cited the limited reach and weak capacity of the extension system as a structural constraint to agricultural transformation. According to the APP, poor access to extension services and inadequate post-harvest handling remain key bottlenecks in improving the quality and competitiveness of agricultural commodities, limiting farmers' access to domestic and international markets. Yet despite this diagnosis, reforms have been slow and fragmented, with insufficient coordination between federal and state institutions.

Addressing this problem will require more than just increasing the number of extension workers. It requires a deeper investment in programme design and execution, ensuring that extension workers are well-equipped, supported and incentivised to reach farmers across the country. Monitoring and accountability mechanisms are often weak, thereby making it difficult to track performance or scale what is effective. Furthermore, the link between agricultural research and practice remains weak. Research institutions and universities struggle with inadequate funding and outdated infrastructure and curricula that are detached from the realities on the ground. Their outputs rarely feed into extension programmes or influence farm practices. This institutional disconnect means that potential breakthroughs in seed technology, soil management, or mechanisation are not always reaching the farmers who need them most.

As a result of these challenges, many farmers still rely on outdated practices, have limited knowledge of input application, and are not adequately exposed to market dynamics or agribusiness opportunities. Millions of farmers are left without access to timely, location-specific advice on climate-smart practices, market requirements or technological upgrading. There have been instances where farmers over-apply fertilisers to improve yields, but this has a damaging impact on the quality of food, health of the population and the environment (Code A, March 12, 2025). All of these undermine the potential of agriculture to absorb labour productively and transition from subsistence to commercially viable farming. The broader implication is that productivity will remain low, post-harvest losses are high, and the promise of modernising agriculture continues to elude most rural households.

Still related to the agriculture sector, an interviewee recounted the experience of a state in Nigeria where the government procured tractors and farming equipment for farmers in the state to improve productivity. However, when these tractors developed faults, they were left unused and abandoned. The underlying issue, as highlighted by the interviewee, was the acute shortage of locally available technicians or engineers with the requisite skills to repair and maintain the equipment.

> “But the thing we forget is that in deploying these tractors, there is nobody that can fix them when they get bad. Nobody that knows how to maintain them. No one has the skills” (Code A, March 12, 2025).

This illustrates that even when capital investments are made, the absence of complementary technical and vocational capabilities within local communities can significantly undermine the effectiveness and long-term sustainability of such interventions. Ultimately, the goal of modernising agriculture is both a problem of a lack of resources and a shortage of relevant skills needed to sustain and scale operations.

Source: Canva

Other sectors, such as manufacturing and renewable energy, also suffer from the shortage of skilled workers. As documented by Erumebor (2025), machine operators in Nigeria's manufacturing industry, particularly in the milling sub-sector, are ageing, creating a problem of skills shortage, which complicates the challenge of unemployment and underemployment. Many factories also struggle to find quality control specialists, skilled machinists and technicians who can operate or maintain automated machinery. The key drivers of this trend include the absence of targeted and sustained technical training programmes for young people, a growing preference among the youth to pursue service-oriented or tech-related roles and the relatively low pay offered by small firms in the manufacturing sector. In the renewable energy sector, the scarcity of qualified personnel, such as solar PV technicians, energy auditors and grid engineers, continues to limit the sector's potential. While some private training centres offer programmes accredited by the Council for the Regulation of Engineering in Nigeria (COREN), their reach remains limited and many focus on solar photovoltaic (PV) system design and installation. This is insufficient. As the sector evolves, so too must the skillsets. There is an urgent need for training and innovation in related areas such as battery storage systems, microgrid design, energy efficiency audits and hybrid systems integration.

Looking forward, while PV system design and installation will still be crucial, the future of energy jobs will be shaped by trends such as electric mobility, smart grids and energy digitalisation. Skills in battery recycling, power electronics, data analytics for grid optimisation and IoT-based energy systems will become increasingly relevant. Additionally, as the energy sector becomes more decentralised across Nigeria, there will be growing demand for technicians who understand how to manage distributed energy resources as well as engineers who can design resilient and adaptive power systems suited to both rural and urban contexts. Without deliberate investments in building these competencies, Nigeria risks falling behind in the global transition to clean and smart energy, both in terms of job creation and energy access.

Source: Canva

ICT is one area where Nigeria has made significant progress in the last few decades. Supported by growing demand for digital services both locally and globally, the sector has experienced significant output growth, with its share of real GDP increasing from 1.8% in 2000 to 18% in 2024[9] . This expansion reflects the increasing relevance of digital technologies across sectors, as well as Nigeria's youthful, tech-savvy population, which continues to drive innovation.

One key drivers of this progress has been the growing number of tech-focused training and upskilling programmes delivered by the private sector, international development partners and the government. Global tech giants such as Google and Microsoft have launched targeted programmes to equip young Nigerians with in-demand digital skills in areas such as data analytics, coding, artificial intelligence (AI) and digital marketing. For instance, Microsoft recently announced a US$1 million investment under the Microsoft AI Skilling Initiative, which aims to equip 1 million Nigerians with AI-related skills. Google, through its Digital Skills for Africa programme, has also trained thousands in core digital competencies. On the public sector side, the federal government launched the 3 Million Technical Talent (3MTT) programme, a flagship initiative under the Ministry of Communications, Innovation and Digital Economy. The goal is to train 3 million young Nigerians in tech-related skills by 2027 (Esene, 2024). In addition, several state governments have launched their digital skills programmes, reflecting a growing recognition of the central role of ICT in driving economic diversification and youth employment.

But even with these positive developments, challenges persist. First, access to high-quality training, particularly in rural areas, is limited. Second, some of the training programmes are not always linked to pathways for job placement or entrepreneurial support, limiting their long-term impact. Finally, the demand for ICT skills is evolving rapidly. As technologies like AI, blockchain, cloud computing and cybersecurity become mainstream, Nigeria must adapt its training curricula to, at the least, match the pace of global innovation. Despite these challenges, the ICT sector offers a useful case study on how targeted investment in skills, backed by clear demand and strong public-private collaboration, can yield substantial economic benefits. It shows that with the right mix of vision, partnerships and execution, it is possible to both close the skills gap and unlock new sources of productivity and employment. While technical skills remain a major concern, employers are equally concerned about the growing deficit in soft skills across the labour force. There is growing frustration among employers regarding the absence of foundational workplace skills, including willingness to learn, meeting deadlines, communicating clearly and working in teams.

> “What you find these days is that many potential employees lack the core soft skills that are needed in the workplace. A computer analyst may understand the technical aspect of his work but lack basic communication skills. This person may not understand the basic tenets of working with a team or being part of a team” (Code C, March 14, 2025).

[9] Calculated from NBS 2024 Q4 GDP Report and CBN Annual Statistical Bulletin 2022

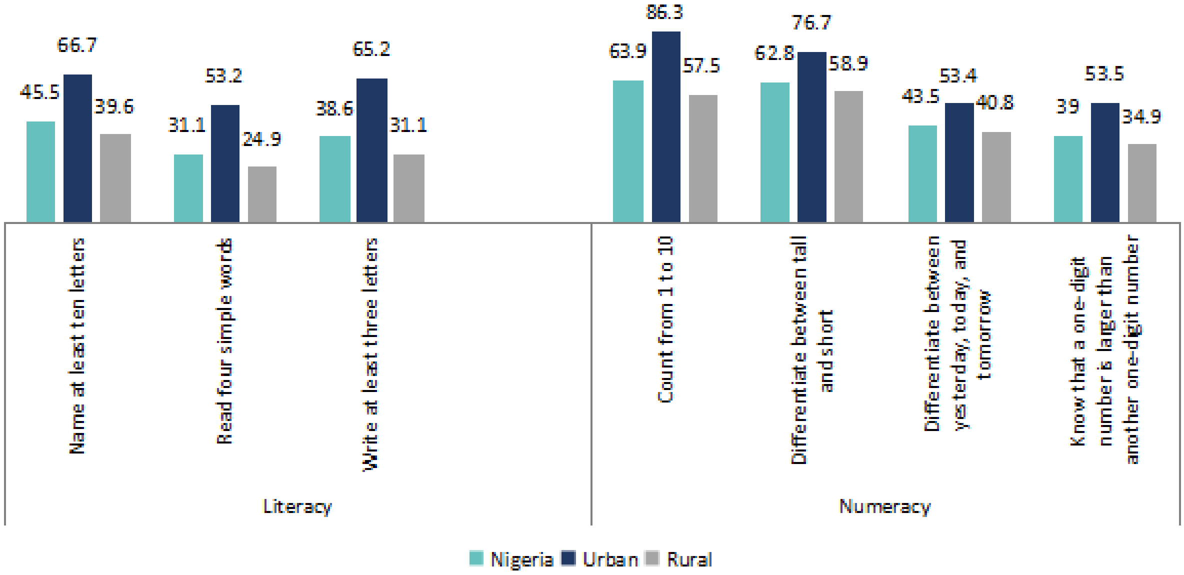
The lack of these soft skills affects productivity, slows down onboarding, and discourages firms from hiring young, inexperienced candidates. The implication of this widespread skills gap is both economic and structural. When firms are compelled to invest heavily in basic training for new hires, it increases their cost of doing business and can discourage further expansion or job creation. Instead of deploying resources toward innovation, equipment upgrades or scaling operations, companies are forced to fill the gap left by an underperforming education and skills development system. In an economy where productivity is already low, this weakens the capacity of firms to grow, innovate, and compete. In some cases, firms settle for poorly trained labour and spend scarce resources on training.

It is important to note that while investing in human resources should not be considered a waste of resources, a strong education system should provide a basic foundation, allowing firms to focus on improving or delivering specialised skills to their employees rather than addressing basic gaps.

Skills Gaps and the Education System in Nigeria It is impossible to separate the challenge of skills deficiency from the quality of education outcomes in Nigeria. At the heart of the skills problem is a foundational issue: learning outcomes at the basic education level. The challenge begins early and compounds over time. A weak education foundation limits the capacity of young people to transition into the labour market with the skills that employers need. Basic literacy is a case in point. According to the 2023/2024 Nigeria General Household Survey Wave 5, literacy rate in Nigeria was 61%, with significant gaps between urban (78.5%) and rural areas (54%). But even this masks deeper problems when we look at learning outcomes in early childhood education. Among children aged four to six years, only 46% can name at least ten letters; just 39% can write three letters; 43% can count from 1 to 20; and only 39% know that a one-digit number is larger than another one-digit number (NBS, 2024b) (see Figure 11). In other words, many children in school are not learning.

This is where the skills crisis begins and the solutions to the skills gap challenge must include improving learning outcomes at the basic and secondary levels of education. When children leave school without basic literacy and numeracy, it limits their ability to acquire higher-order skills, adapt to workplace demands, or benefit from any form of vocational or technical training. These gaps eventually show up in the labour market as low productivity, high youth unemployment and employer complaints about the difficulty of finding qualified workers. Fixing the skills shortage, therefore, must begin with fixing the foundation, especially at the primary and secondary education levels. Otherwise, Nigeria will continue to produce generations of school-leavers who are ill-equipped for today's and tomorrow's jobs.

Figure 11: Anchor Items for Early Childhood Development (Share of Children Ages Four to Six Years)



Data Source: NBS; Chart: NESG Research

While those in school are not learning as they should, access to education at the primary and secondary levels is still a challenge. Nigeria's 2022 Multidimensional Poverty Index report showed that of the 57.8 million children who are of school-going age (6-15 years old), 16.6 million, representing 28.7%, were out of school. Even when access is achieved, retention is a problem. As at 2024, enrolment rates in junior secondary and senior secondary school were 67.6% and 63%, respectively, much lower than 87.1% in primary school. This points to significant dropout rates as children move up the education ladder. There are also regional disparities in school attendance across the country. While the North East has the lowest rate of attendance (57%), the South East has the highest of 97.7% (see Figure 12). Key factors affecting access to education include proximity to schools, household poverty, insecurity, early marriage and social norms that deprioritise formal education, especially for girls.

Figure 12: School Attendance Rate (Share of Children Ages 5 to 14 Years)

Data Source: NBS; Chart: NESG Research

At the post-secondary level, several structural challenges undermine the effectiveness of education in preparing young Nigerians for the labour market. They include: ·
Poor Perception and Preference: In Nigeria, many individuals view polytechnics and technical colleges as inferior to universities. This is despite their potential to deliver practical, job-relevant skills. As such, most universities are relatively better funded than TVET institutions, many of which receive less attention from policymakers and even employers of labour.

- **Unclear Career Pathways for graduates:** Unlike countries such as Germany, Nigeria lacks a well- defined system that links qualifications to career progression, especially for polytechnic graduates.

- **Outdated Curriculum:** Many curricula are outdated and disconnected from the realities of the current and future labour market and technological demands. Stakeholders interviewed during this research consistently linked outdated curricula to poor employment outcomes. In the sciences, for instance, some educational institutions still teach obsolete programming languages, and the development of modern Fourth Industrial Revolution skills remains limited. Adeosun et al. (2022) found that university curricula are often disconnected from the skills needed in today's digital economy. Another crucial challenge is the mismatch between education outcomes and labour market needs. As noted by one of the interviewees, some banks in Southern Africa hire school-leavers with “matric” certification (equivalent to Nigeria's SS3). However, many Nigerian banks do not accept such. This reflects concerns about the quality of Nigeria's secondary and tertiary education.

- **Limited Funding and Accountability:** Tertiary institutions often face inadequate funding, exemplified by the federal government's allocation to education, which has consistently fallen short of the UNESCO-recommended benchmark of 15-20% of total public expenditure. For instance, in 2016, education received 7.9% of the national budget; this figure declined to 5.68% in 2021 before modestly increasing to 8.8% in 2023 and 7.07% in 2025. In addition, where funds exist, there is weak monitoring, evaluation, and accountability. Oversight of standards, curriculum implementation and institutional performance remains inconsistent across the system.

- **Teacher Quality:** Poor training and low incentives for teachers and lecturers reduce the quality of instruction, particularly in technical and practical fields.

- **Data Gaps and Limited Skills Forecasting:** Nigeria lacks a robust labour market information system. The absence of reliable data and coordinated education statistics undermines evidence- based planning, skills anticipation, and programme evaluation. The absorption of the National Manpower Board into NISER in 2006 is frequently cited as a turning point in the decline of structured workforce planning. According to the ILO (2020), this lack of systemic data limits Nigeria's ability to anticipate future skills needs. The World Bank (2015) similarly notes the absence of detailed information on the distribution of skills within the labour force and their impact on employment outcomes.

- **Weak Linkages Between Education and Industry:** Collaboration between training institutions and employers remains limited. This weakens opportunities for internships, apprenticeships, and practical learning, particularly in TVET. As a result, many students graduate without the real-world experience needed to apply theoretical knowledge in the workplace. Adeosun et al. (2022) conducted a study at a tertiary institution in Lagos using questionnaires to elicit responses from students on the Students' Industrial Work Experience Scheme. The authors argue that structured internship programmes significantly improve the ability of students to apply theory in practice. Yet, 76.6% of respondents said their schools played no role in helping them secure internship placements.

  Otache (2022) also found that federal initiatives to improve graduate employability have been hampered by inconsistent industry-academia collaboration. Furthermore, industry experts are often excluded from curriculum development and delivery. Findings from the focus group discussions in the study emphasised the need for employers to participate in the design and periodic review of polytechnic curricula. Lecturers also pointed to the underfunding of SIWES (Student Industrial Work Experience Scheme) and inadequate facilities, calling for increased support from the Industrial Trust Fund (ITF) and Tertiary Education Trust Fund (TETFund).

  Even where technical qualifications exist on paper, there is often a significant mismatch between what graduates know and what employers need. Across Nigeria, many young people graduate with degrees in engineering, agriculture or technology without having operated the relevant tools or equipment. Employers are then burdened with retraining these graduates just to meet basic operational requirements, leading to frustration and higher costs.

Addressing the Twin Crises of Skills Gap and Economic Structure

To conclude, across agriculture, manufacturing, construction, renewable energy and ICT, Nigeria faces a multidimensional skills problem that cuts across both technical capabilities and foundational soft skills. While some sectors like ICT have benefited from targeted investments and global partnerships, others continue to grapple with an ageing workforce, low training capacity and limited alignment between education outcomes and industry needs. Without deliberate efforts to bridge these skills gaps, not just through training, but also through creating a system that connects learning with labour market realities, Nigeria could miss the opportunity to harness its youthful population for productive and inclusive growth.

The challenge goes beyond skills development. It is connected to the structure of the Nigerian economy and the size of the private sector. Even where skills are available, there simply are not enough decent, formal jobs to absorb workers. The private sector remains limited in capacity, particularly outside a few urban centres. Many formal firms are small, undercapitalised and exhibit low productivity. In such an environment, skills are often underutilised and many young people either exit the labour force to seek opportunities outside the country or end up in informal activities like petty trading or unskilled services.

Therefore, it becomes important to view the problems of unemployment and skills shortages as two sides of the same coin. On the one hand, many Nigerians in the labour market do not have the skills to access quality jobs. On the other hand, the economy does not generate enough mid-to- high-quality jobs to make acquiring those skills worthwhile. To break this cycle, the government, working with stakeholders, must address both the supply side through better education, training, and skills alignment, and the demand side by driving structural transformation and expanding the reach and depth of the formal private sector.

Box 3:
Macroeconomic Reforms, Poverty and Employment - Who Is Being Left Behind?

From May 2023, the Federal Government of Nigeria (FGN) initiated a series of foreign exchange and fuel subsidy reforms aimed at restoring macroeconomic confidence and improving government finances. The President announced the removal of petrol subsidy, which led to a dramatic increase in the price of petrol, from a national average of ₦238 per litre in May 2023 to ₦627 per litre in August 2023. As at April 2025, the average retail price of petrol was ₦1,239.3 (NBS, 2025c). Similarly, the price of diesel was around ₦1,000 per litre in May 2025. On exchange rate, the Central Bank of Nigeria (CBN) implemented several reforms including the return to a willing- buyer-willing-seller arrangement, the clearing of foreign exchange backlog, removal of foreign exchange restrictions on some imported items, among others. With these reforms, the value of the Naira fell from ₦461 per US$ to ₦1,535 in December 2024 and ₦1,584 in May 2025[10].

These reforms were not easy choices for the administration given the state of the economy (multiple exchange rates, pressure on government finances, etc) before the current administration assumed office. In the last two years, both reforms have freed up funds for the federal and state governments as revenue and FAAC allocations increased significantly. The foreign exchange reforms brought sanity in the management of exchange rate and improved the confidence of investors in the economy.

[10] Central Bank of Nigeria (CBN). Exchange Rates. See https://www.cbn.gov.ng/rates/ExchRateByCurrency.html

But the reforms came at a cost. Nigeria's inflation rate trended upwards, raising overall cost of living and doing business in the country. Although exchange rate volatility has reduced in 2025 relative to the early reform days of 2023, the pass-through effects are still evident on citizens and businesses across the country. This section examines the direct and indirect implications of these reforms on poverty, jobs and wages and the informal economy.

Implications on Poverty

In 2019, Nigerians needed to spend at least ₦137,439 annually or ₦11,453 per month to stay above the national poverty line, with 40.1% of the population living below this threshold. Since then, this threshold, when adjusted for inflation and exchange rate, has increased to ₦1.88 million per year or ₦156,388 per month in 2024[11] . This sharp rise in the cost of living has pushed more Nigerians into poverty, as many still earn or spend well below the national minimum wage of ₦70,000 per month. According to Bueno et al., (2025, p.6) in the World Bank Nigeria Development Update, "since 2018/19, an additional 40 million people fell into poverty, and nearly half of all Nigerians (46 percent measured at the international poverty line of US$2.15 based on the 2017 PPP) are estimated to have been living in poverty in 2024".

Food insecurity is also a major concern for the poor and near-poor households. The challenge is not just about skipping meals, as families are being forced to eat unhealthy food. According to the 2024 NBS General Household Survey, 66% of households could not afford healthy, nutritious, or preferred foods in the 30 days preceding the survey. The share of households expressing fear of not having enough to eat due to lack of money rose sharply from 36.9% in 2019 to 62.4% in 2024 (NBS, 2024b).

Furthermore, one in every three households reported experiencing actual food shortages over the past year. And for 71% of households, the most common shock was the rise in food prices, as most basic staples, including rice, garri and bread, became unaffordable. The most common coping mechanism reported by households was to simply eat less, with nearly half (48.8%) reducing food consumption as their primary response to these shocks. Yet, despite the severity of the problem, only 4% of households nationwide received any form of safety net assistance (NBS, 2024b). Coverage was marginally higher in urban areas (5.2%) compared to rural areas (3.5%), leaving the vast majority of poor and food-insecure Nigerians without formal support.

11 NESG Research calculations

While food security is a sign of deepening poverty, it also has lasting implications on health, productivity, and human capital, especially among children. Without decisive interventions, Nigeria risks locking an entire generation into a cycle of malnutrition and deprivation.

If bold and coordinated action is not taken to improve real incomes, expand productive job opportunities and strengthen social protection, Nigerians could become even poorer, both in absolute and relative terms. Rising poverty and growing food insecurity amid a youthful and expanding population signal a social crisis with far-reaching consequences for stability, productivity and long-term economic development.

Implications on Jobs and Wages

The erosion in the real value of money also has major implications for jobs and wages. While nominal wages may have increased in some sectors with the implementation of the new minimum wage of ₦70,000 per month, these gains are often wiped out by inflation and currency depreciation. In real terms, many workers are earning far less than they did five years ago, despite working the same hours or even more. As revealed earlier, in 2023, almost half (46.1%) of employed persons worked for more than 48 hours per week, suggesting that many Nigerians are overworked, often out of necessity rather than choice. These workers are faced with weak purchasing power and low savings and motivation. At the same time, firms facing rising input costs and uncertain demand are often reluctant to raise wages or expand employment. As a result, Nigeria is increasingly at risk of creating more low-paying, low-productivity jobs that do little to lift people out of poverty or stimulate broad-based economic growth. The challenge, therefore, is not just to create jobs but to ensure they are meaningful, productive and workers can earn a decent wage.

Implications on the Informal Economy

The increase in the price of petrol, a weaker currency and high electricity tariffs have had a disproportionate negative impact on businesses. According to Fate Foundation's 2023 State of Entrepreneurship report, small businesses were the most affected, largely due to their limited financial buffers and informality, which make them more vulnerable to shocks than medium or large formal firms (Adenike et al., 2023).

The report further notes: “As with many unfavourable government policies, the subsidy removal had a much greater negative impact on smaller businesses relative to medium and large firms. 92% of nano businesses said they were negatively impacted by the policy, the highest among all the categories.

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For micro, start-ups and small businesses, the shares were 90%, 85% and 84%, respectively. This buttresses the fact that smaller businesses do not often have the financial and managerial capacity to withstand externally induced shocks and therefore are most affected, relative to other businesses”.

While the tough economic environment has affected informal businesses, it is also pushing more individuals into informal employment, which is regarded as a survival strategy. With limited access to formal jobs and rising living costs, many Nigerians are turning to informal, low-productivity activities to make ends meet. This deepens the cycle of informality and reinforces the structural weaknesses in the economy, where a large share of the labour force remains outside the scope of adequate protections and most informal businesses are unable to obtain finance from formal financial institutions. The vulnerability within the informal economy highlights the need for a more inclusive policy approach that recognises the challenges faced by small businesses and supports their capacity to withstand shocks while transitioning towards becoming more productive.

Key Constraints to Job Creation and Productivity Growth in Nigeria

Over the years, several barriers have continued to limit employment generation and productivity improvements in Nigeria. These include:

a. Duplication of Employment Programmes
Many government agencies and development partners implement parallel employment and skills development programmes without coordination. This lack of harmonisation reduces the efficiency and effectiveness of employment creation initiatives and makes implementation more costly.

b. Skill Mismatch and Lack of Technical Skills in Demand
As discussed previously, there has been a growing disconnect between the skills possessed by job seekers and the needs of employers, particularly in technical and vocational areas. This mismatch results in underemployment and limits the productivity potential of the labour force. The federal government has developed a labour market information system, which is a positive development. However, the platform is not fully functional, hampering its usefulness to policymakers, employers and other stakeholders.

c. Lack of Basic Infrastructure for Entrepreneurial Activities
Entrepreneurship is a critical driver of job creation and productivity growth. However, inadequate infrastructure, such as unreliable power supply, poor road networks, and limited digital connectivity, severely constrains business performance and limits enterprises from operating at full capacity. Nigeria's estimated US$2.3 trillion infrastructure gap demonstrates the magnitude of investment that is required in the sector.

d. Influx of Foreign-Made Goods
The dominance of imported goods in local markets undermines domestic production and job creation. As a result, the country struggles to build domestic value chains and generate employment across sectors. The value of imports for selected goods remains significantly high. According to the NBS, the value of imported manufactured goods in Q4 2024 stood at ₦8,473.56 billion, representing a 113.34% increase from ₦3,971.91 billion recorded in Q4 2023. Similarly, the value of imported agricultural goods rose to ₦1,090.55 billion in Q4 2024, an increase of 53.35% compared to ₦711.14 billion in the same quarter of 2023.

e. Low Productivity and Value-Addition Sectors
Agriculture and solid minerals have high potential but are currently underperforming, limiting their capacity to drive structural transformation. For agriculture in particular, productivity remains low, due to factors such as low use of modern inputs and technology, limited access to finance and poor rural infrastructure such as transportation and electricity. For solid minerals, only about 0.2% of the labour force is employed in mining and quarrying, despite Nigeria's significant solid mineral deposits. Improving productivity and formalisation in these sectors can enhance their capacity to create decent jobs and contribute to economic diversification.

The above challenges to job creation and productivity are systemic and require coordinated policy responses. These include improving education and skills systems, investing in infrastructure, strengthening local industries and enabling strategic sector development, all of which are critical

Box 4:
Understanding Labour Market Data: Methodological Shifts and Caution in Interpretation

In 2023, the National Bureau of Statistics (NBS) adopted a revised labour force methodology, aligning closely with International Labour Organisation (ILO) guidelines. Under the new approach, there were several changes, which covered the data collection process and the definitions of working age population, labour force population, unemployment and underemployed to mention a few. In the new approach, anyone who worked at least one hour in the reference week is classified as employed, significantly reducing the unemployment rate from over 33.3% in 2020 under the previous method. As at Q2 2024, unemployment rate was 4.3%. While the change in methodology improves comparability with international standards, it also poses several challenges, one of which is underrepresenting the scale of underemployment. Several issues are discussed below.

1. Inconsistencies in Working-Age Population Estimates

One of the most glaring issues is the inconsistency in reported working-age population figures. Under the previous methodology, Nigeria's working-age population (defined as those aged 15-64 years) stood at 122 million in 2020. However, the new methodology, increased the age bracket to include all individuals aged 15 and above who are in and outside the labour force. The working age population in the new methodology was 116 million in 2023, lower than 122 million in 2020. This raises a critical question: why did the number decline when the definition was broadened?

The implications are far-reaching. A smaller working-age population inflates key ratios such as labour force participation and employment-to-population rate, thereby understating labour market stress. This also affects projections and planning for education, pensions, healthcare and job creation.

2. Redefinition of Unemployment

The new methodology defines unemployment more narrowly: individuals are considered unemployed only if they are not in employment, actively searching and available for work. This departs from the old method, which included people working less than 20 hours a week. In Nigeria's economic context, many people engage in precarious, irregular or extremely low-paying work that barely meets their daily needs. Under the new method, these individuals are counted as "employed".

Implication: Unemployment rate now stands at just 4.3%, comparable to levels in developed economies. Although this report emphasised the creation of better jobs in large numbers, Nigeria's low unemployment rate must not be discussed in isolation. Other labour market indicators such as high informal employment and low wage-paying jobs must also be highlighted when discussing the state of the labour market.

Figure 13: Key Labour Force Statistics

	2020 (Old Methodology)	2023 (New Methodology)	Difference
Working Age Population	122,049,400	116,604,860	(5,444,540)
Labour Force Population	69,675,468	88,940,861	19,265,393
Unemployed Individuals	23,187,389	4,792,296	(18,395,093)
Time related Underemployed Individuals	15,915,639	9,381,670	(6,533,969)
Combined Time-related underemployment and unemployment	39,103,028	14,173,966	(24,929,062)

Source: NBS

Some Advantages Associated with the Change in Methodology

Despite the issues above, the following improvements are worth noting:

- **Greater disaggregation:** The reports now provide more detailed data on informal employment, self-employment, wage jobs, and regional variations. This is a welcome development, useful for problem diagnosis and evidence-based policymaking.
- **Larger sample sizes:** The new methodology uses a broader sample frame, which can improve the accuracy and robustness of the findings.
- **Improved classification:** The distinction between subsistence and commercial agriculture helps clarify the structure of rural employment and productivity dynamics.

Recommendations to Improve Data Integrity

To improve the integrity, usability and policy relevance of labour market statistics, the following actions are recommended:

- Ensure clear communication and technical notes with each review of methodology, highlighting what changed, why, and how it affects interpretation.
- Reintroduce open data formats, such as spreadsheets with absolute numbers and microdata.
- Publish historical data using the new methodology to allow consistent tracking of employment trends over time.
- Provide disaggregated sectoral data, including formality status, earnings and education level.
- Conduct frequent and dedicated job creation surveys, particularly among youth, women, and informal workers, to track labour absorption by sector and region.


Source: Canva

3.0

The Future of Work in Nigeria

This section explores the evolving landscape of job creation in Nigeria, drawing on the key trends shaping current and future labour market outcomes. The section identifies structural and policy changes, including economic reforms, technological advances, demographic shifts and global dynamics that are influencing employment patterns across the country. The section then highlights high-potential and emerging sectors in Nigeria and assesses their contributions to employment generation, productivity, economic diversification and innovation. It also forecasts the number of jobs Nigeria must create to improve income levels and the sectors that will drive the creation of these jobs. Finally, the section discusses the critical skills required to prepare Nigeria's workforce for the demands of the future economy.

What's Driving Job Creation? Emerging Trends Shaping Nigeria's Labour Market

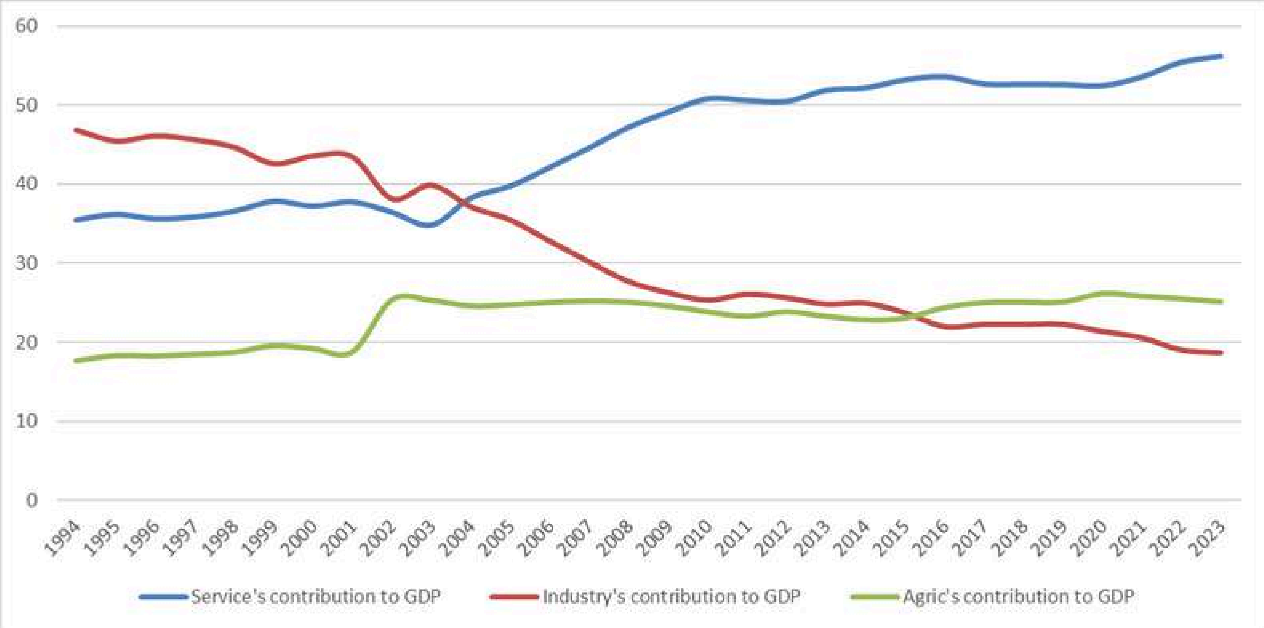
Trends influencing job creation comprise the key factors, patterns and developments that shape employment opportunities within an economy. These trends determine how, where, and in which sectors jobs are generated or diminished. The World Economic Forum's (WEF) 2025 Future of Jobs Report identifies five macro trends driving labour market transformation: technological change, geoeconomic fragmentation, the green transition, economic uncertainty and demographic shifts. These trends are discussed below, along with other pertinent factors such as service-led structural transformation, economic policies and reforms and weak private sector capacity, which show that both domestic and global dynamics significantly influence job creation and employment outcomes.

Service-led structural transformation: Nigeria is undergoing structural change, with employment gradually shifting from agriculture to the services sector. According to the Q4 2024 Gross Domestic Product (GDP) report by the NBS, six of the ten largest contributors to real GDP were in the services sector. Trade (15.1%) and Telecommunications & Information Services (14.4%) were the two largest contributors, outside agriculture. In total, the services sector accounted for 57% of GDP in 2024, a substantial increase from 35.5% in 1994 and 38.2% in 2004 (see Figure 14)[12] .

However, this sectoral shift has not been accompanied by a corresponding expansion of the industrial sector, which is typically a key driver of mass employment and productivity growth. Over the last two decades, the share of employment in industry has increased only marginally, from 11.3% to 12.7%, indicating sluggish industrialisation (AfDB, 2024). The jobless growth Nigeria has experienced over time has been linked to this form of transformation, where the growth of some mid-to-high productivity sectors has remained muted.

12 Data for 1994 and 2004 is from CBN 2023 Statistical Bulletin: Domestic Production, Consumption and Prices.

Figure 14: Sector Contribution to GDP



Data: Central Bank of Nigeria; Chart: NESG Research

Economic policies and reforms: Economic policies and reforms in Nigeria have focused on several key economic outcomes, including unlocking investment, stimulating business growth and promoting employment generation. For instance, the removal of petrol subsidy created opportunities in the gas sector as several Nigerians are adopting Compressed Natural Gas (CNG) as an alternative fuel. Similarly, the Electricity Act of 2023, which allows state governments to generate and distribute electricity, is creating opportunities at the subnational level. Furthermore, the National Development Plan (NDP) 2021-2025 provides a strategic blueprint for economic development with a major goal of creating 21 million full-time jobs and lifting 35 million Nigerians out of poverty by 2025. The plan is anchored on three key pillars: economic diversification, industrialisation, and human capital development.

Other economic policy frameworks and strategic plans influencing job creation include:
- Nigeria Agenda 2050 (Vision 2050)
- National Employment Policy (Revised 2017)
- National Social Investment Programme (NSIP)

Nigeria has struggled with macroeconomic instability, lack of institutional capacity, and poor policy execution, which have hampered its success in implementing strategic plans and meeting economic objectives.

Technological Change: According to WEF (2025), technology is expected to be the most significant driver of labour market transformation in Nigeria. 70% of surveyed employers identified the expansion of digital access as a key enabler of business transformation. This figure surpasses the global average, where only 60% of organisations cited digital access as a driver.

The top four technological trends that employers in Nigeria expect to drive business transformation are:

- Artificial Intelligence (AI) and information processing technologies (e.g., big data, virtual reality, augmented reality)
- Robotics and autonomous systems
- Energy generation, storage and distribution
- New materials and composites.

Experts interviewed during this study highlighted technologies such as AI, machine learning, the Internet of Things, automation, and robotics as critical for future work demands. Key skills areas identified include information technology, data science, AI and programming. Furthermore, some experts believe that the threat of jobs being eliminated through technology adoption is minimal. Instead, according to one interviewee, workers can acquire the competencies required to thrive in the evolving digital economy through reskilling and upskilling. World Bank (2023) notes the importance of acquiring digital skills, noting that workers will be unable to benefit from digital opportunities without adequate digital capabilities.

Geoeconomic fragmentation: In response to growing geopolitical tensions, many governments are adopting trade and investment restrictions, increasing subsidies and embracing industrial policies to support local industries. These responses are disrupting global supply chains and capital flows, with notable effects on emerging and developing economies. WEF (2025) reports that 55% of Nigerian organisations surveyed identified geopolitical divisions and conflicts as likely drivers of organisational transformation. Further estimates by Bolhuis et al. (2024) suggest that Sub-Saharan Africa could suffer long-term welfare losses of up to 4% of GDP because of these dynamics.

For Nigeria, this trend presents both risks and opportunities. On the downside, supply chain disruptions, declining foreign direct investment and reduced access to global markets could undermine job creation efforts and stall ongoing economic reforms and industrial policy objectives. However, with the right strategic responses, Nigeria could also benefit by leveraging the changing global production networks to attract investments and position itself within more resilient value chains.

Green transition: The green transition is emerging as a major driver of job creation in some countries. Key international frameworks, including the Paris Agreement (2015) and the United Nations Sustainable Development Goals (SDGs), are encouraging governments and businesses to pursue cleaner and more sustainable models of production and consumption.

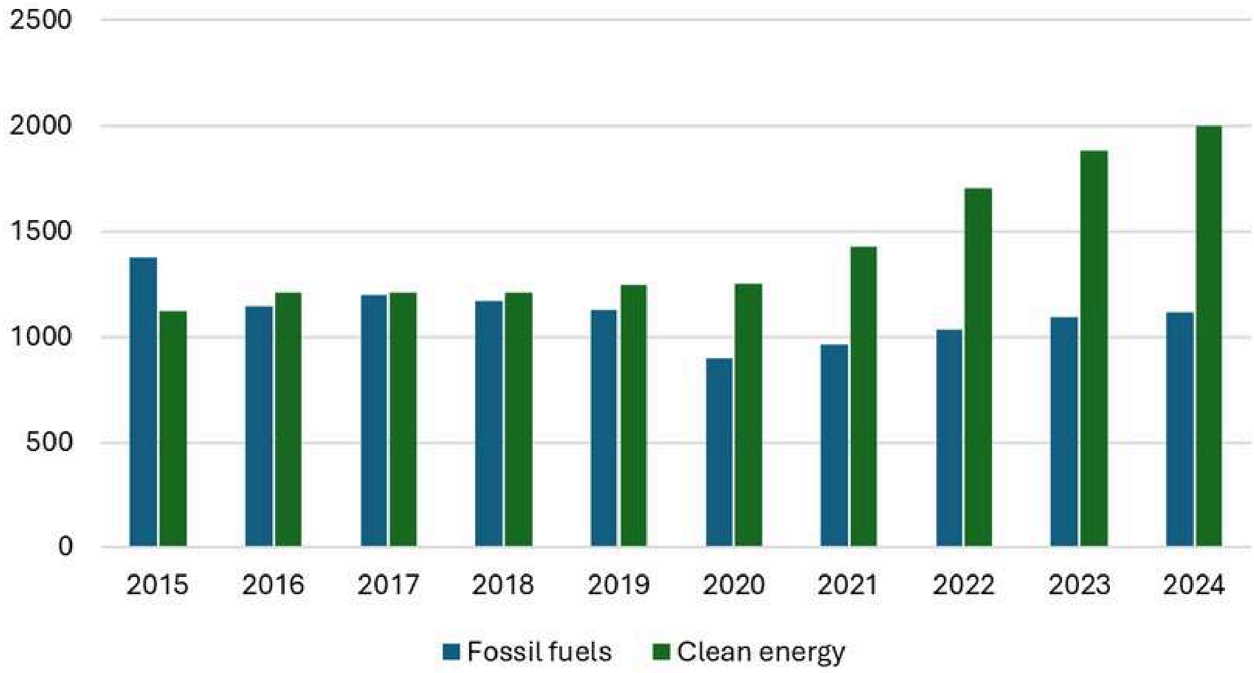
Global investment trends reflect this shift. In 2024, investment in clean energy is projected to be nearly double that of fossil fuels (see Figure 15)[13] . This was supported by falling technology costs and improving supply chains. For the first time, total global energy investment is expected to exceed US$3 trillion, with approximately US$2 trillion directed toward clean technologies such as renewables, electric vehicles, nuclear power, smart grids, energy storage, low-emission fuels, efficiency upgrades and heat pumps (IEA, 2024).

13 https://www.iea.org/data-and-statistics/charts/global-investment-in-clean-energy-and-fossil-fuels-2015-2024

The International Labour Organization (ILO) (2018) estimates that limiting global warming to 2°C could generate 18 million jobs globally. For Nigeria, the employment potential is also significant. According to the Nigeria Energy Transition Plan (NETP), launched in August 2022, the shift to a net- zero economy could generate 340,000 new jobs by 2030 and up to 840,000 by 2060, particularly in the power, clean cooking and transport sectors[14].

Nigeria has signalled its commitment to this transition through several policy frameworks, such as the NETP, which details a pathway to achieve net-zero emissions by 2060. In 2021, Nigeria also updated its Nationally Determined Contributions (NDCs), articulating targets for reducing greenhouse gas emissions and enhancing climate resilience. With a renewable energy potential estimated at 427,000 MW from solar thermal energy[15], Nigeria stands to benefit further from the green transition through green jobs in installation, maintenance, manufacturing and project development.

Figure 15: Global Investment in Clean Energy and Fossil Fuels, 2015-2024 Billion US$ (2023, MER)



Source: IEA; Chart: NESG Research

14 https://www.energytransition.gov.ng/

15 https://www.iied.org/sites/default/files/pdfs/migrate/G03512.pdf

Economic uncertainty: Economic uncertainty, driven by slower global growth, volatile markets and unpredictable policy environments, has become a significant disruptor of labour markets worldwide. According to the International Monetary Fund (IMF) (2025), uncertainty levels have reached historic highs and could further dampen already sluggish global growth.

In Nigeria, these global headwinds are reflected in and compounded by domestic challenges such as persistent inflation, foreign exchange volatility, elevated interest rates and rising insecurity. Together, these factors are eroding business confidence, constraining investment, and undermining job creation.

With a projected real GDP growth rate of 3% in 2025 (IMF, 2025), this growth is insufficient to absorb Nigeria's rapidly expanding labour force. Structural issues such as high youth unemployment, underemployment, and a large informal economy are likely to persist unless coordinated policy interventions are implemented. Additionally, global uncertainties could further exacerbate local vulnerabilities. To cushion these impacts, Nigeria must strengthen its fiscal buffers, diversify its export base and deepen reforms in sectors with high job elasticity such as manufacturing, construction, among others.

Demographic shifts: Demographic shifts are playing a significant role in shaping labour market dynamics, both globally and within Nigeria. While many countries are grappling with ageing populations, Nigeria's demographic trajectory is characterised by rapid population growth and a predominantly youthful population. By 2050, Nigeria is projected to be the fourth most populous country in the world, with an estimated 428 million (US Census Bureau, 2025), a significant share of whom will be under the age of 35 (see Figure 16).

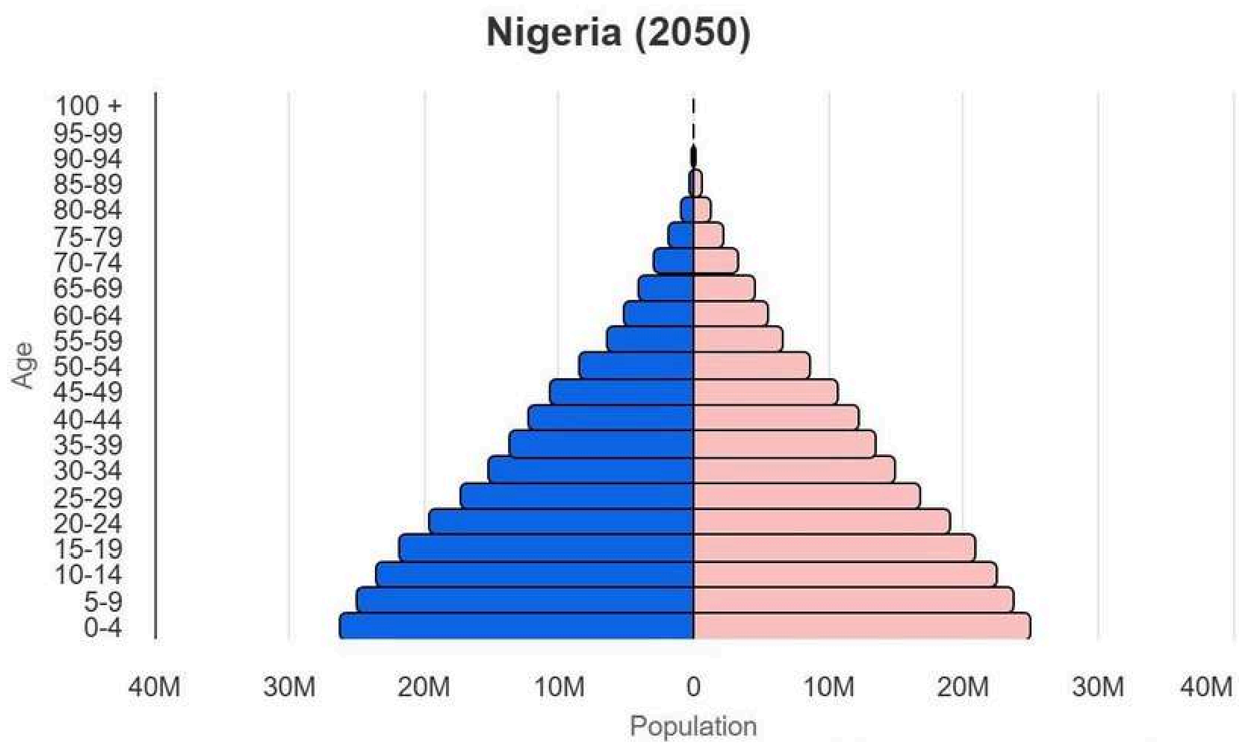
This expanding labour force could be highly beneficial if well harnessed, but it also poses a serious threat if high youth unemployment and underemployment persist, highlighting the urgent need for large-scale, inclusive job creation strategies. Recognising this, the government has introduced several programmes aimed at youth employment and empowerment, including digital skills training, entrepreneurship support and public works schemes. However, the effectiveness of these initiatives is constrained by several factors such as poor programme design and implementation, lack of continuity, budgetary constraints, among others. For instance, public spending on education and healthcare remains below international benchmarks:

- **Education:** With an allocation of less than 10% of its national budget to education, Nigeria falls short of the UNESCO benchmark of 15%. Insufficient investment in the sector has been a major contributor to the poor quality of education and skills development. Without adequate and efficient allocation of resources to the sector, Nigeria will be unable to develop a competitive, knowledge-driven workforce, and significant challenges are likely to persist.

- **Healthcare:** Similarly, allocations to the health sector remain below the 15% target set by the Abuja Declaration. This shortfall limits access to quality healthcare services and weakens overall workforce productivity.
  Without significant improvements in access to quality education, vocational training and healthcare, Nigeria's youth bulge may become a source of economic and social vulnerability rather than an engine of growth. The critical importance of investing in human capital can, therefore, not be ignored. It is essential for enhancing labour productivity, fostering innovation, and aligning the workforce with the demands of a transforming economy.

Private sector capacity: A major constraint to job creation in Nigeria is the weak capacity of the private sector to generate sufficient formal employment opportunities. Despite being the engine of growth in most successful economies, Nigeria's private sector remains largely informal, fragmented and underdeveloped. Over 90% of jobs in the country are informal, characterised by low productivity, income insecurity and limited social protection. The formal sector, meanwhile, has not expanded at a pace necessary to absorb the country's rapidly growing labour force. Structural issues such as limited access to finance, high cost of doing business, poor infrastructure, and regulatory inefficiencies continue to stifle private sector growth and formal job creation. Without targeted reforms to strengthen private sector competitiveness and unlock its employment potential, particularly among nano, micro, small, and medium enterprises (NMSMEs), the labour market will likely remain dominated by informal and precarious employment, deepening Nigeria's unemployment and underemployment challenges.

Figure 16: Nigeria's Population Pyramid in millions



Source: US Census Bureau

Nigeria's Priority Sectors for Economic Transformation

Nigeria's economic transformation and job creation prospects hinge on identifying and investing in sectors with the greatest potential for economic transformation. Priority sectors are those that are strategic to economic diversification, productivity growth and employment generation. This report focuses on sectors that support these goals, although other goals such as food security, national security and social cohesion are equally important.

Considering the strategic goals of economic diversification, productivity growth and employment generation, this report identifies the following sectors as crucial: agriculture, manufacturing, construction, creatives, energy & mining, ICT, education & health and professional services. The rationale for selecting these sectors includes their strong value chain linkages, potential contribution to GDP, employment, productivity and export and linkages with other sectors.

It is important to note that each of these sectors plays a distinct role in achieving the strategic goals and exerts a varying level of influence on the strategic goals. For instance, agriculture is expected to have a stronger impact on productivity growth and economic diversification than on employment, as Nigeria moves up the development ladder. This is premised on the fact that the share of workers in agriculture, which was 30% in 2023, is already high and must decline if Nigeria is to make significant progress in economic transformation.

As countries move up the development ladder, the share of agriculture declines. But as discussed in the previous section, this does not imply that agriculture becomes irrelevant in the transformation process. It only suggests that the sector becomes more productive by adopting modern technologies to increase yields and reduce wastage. In that sense, agriculture may not contribute significantly to employment as the economy transforms but its contribution to productivity growth and economic diversification (by supplying input to manufacturing) becomes stronger.

In addition, manufacturing and mining are central to Nigeria's economic diversification agenda, with significant potential for value addition, industrial linkages and foreign exchange earnings. Meanwhile, sectors such as energy and the green economy, as well as technology and digital innovation, are vital for enhancing competitiveness, improving productivity and strengthening the economy against global disruptions. Finally, creative industries tap into Nigeria's cultural capital and global reach, offering a niche and growing space for youth employment and export diversification.

Table 7: Matrix of Potential Sectoral Contribution to Key Strategic Economic Goals

Sector	Employment	Productivity Growth	Economic Diversificatio
Energy	Low	High	Medium
Information and Communication Technology	Medium	High	Medium
Construction	High	High	Low
Agriculture	Medium	High	Medium
Manufacturing	High	High	High
Creative Industries	Medium	Medium	Medium
Mining and Solid Minerals	Low	Medium	Medium
Professional Services	Medium	High	Low
Education	Medium	High	Medium
Health	Medium	High	Medium

Source: NESG Research

As Nigeria intensifies the drive for economic diversification and productivity-led economic growth, the priority sectors will collectively be crucial in unlocking new sources of productivity, creating better jobs and building economic resilience. Strategic investment across these sectors will be essential to achieving broad-based, inclusive and sustainable economic growth.

Agriculture: The modernisation of the agricultural sector through value chain expansion, agro- processing, mechanisation and climate-smart farming is expected to raise the sector's productivity and enhance food security. This implies that new skills will be required to effectively maximise the sector's contribution to the economy in the next decade.

Manufacturing: Manufactured goods accounted for only 2.5% of Nigeria's exports in the fourth quarter of 2024, while they made up 51% of imports. In contrast, crude oil and oil-related products continued to dominate the export basket, contributing over 80% of total exports (NBS, 2025a). Despite the significant potential for job creation, productivity growth and economic transformation through an expanded manufacturing sector, Nigeria has yet to fully harness this opportunity. Key areas of the sector that can influence such transformation include agro-allied industries, light manufacturing, pharmaceuticals and petrochemicals.

Construction: According to the 2020 National Integrated Infrastructure Master Plan[16] , Nigeria requires an estimated US$2.3 trillion in infrastructure investments between 2020 and 2043 to raise its infrastructure stock to the global benchmark of 70% of GDP. This infrastructure gap presents opportunities for job creation, particularly in the construction sector. Furthermore, the emergence of green and smart infrastructure, including mobile-enabled systems and sustainable development initiatives, will create new job pathways in areas such as clean energy, digital infrastructure, and climate-resilient construction.

Creative Industries: Nigeria's fashion, music, and film sectors have demonstrated strong international appeal. However, the sector's growth potential remains partly untapped due to limited expertise in animation, digital production and related technologies.

Energy: With Nigeria's commitment to net-zero emissions by 2060 and a solar energy potential of over 427,000 MW, renewable energy is emerging as a priority sector. Skills in solar panel installation, environmental engineering, renewable energy engineering and sustainability management are increasingly in demand. In addition, Nigeria's proven natural gas reserves stood at 209.26 trillion cubic feet as of January 2024[17], highlighting the country's substantial capacity for gas production and investment opportunities in the gas value chain.

Technology and Digital Innovation: Nigeria's large, youthful and entrepreneurial population positions the country to become a hub for digital innovation. Digital entrepreneurship is rapidly emerging as a driver of economic transformation, according to the World Bank (2019), with entrepreneurs developing and deploying technologies to create innovative, digitally enabled businesses across sectors. The rise of artificial intelligence (AI), machine learning, cybersecurity and the Internet of Things (IoT) is reshaping business models and opening up new frontiers for enterprise development. These trends are driving demand for digital solutions in finance, agriculture, healthcare and logistics, and creating opportunities for job creation and value addition.

Mining and Solid Minerals: Nigeria possesses significant untapped mineral resources, offering considerable opportunities for expanded mineral extraction. Despite its rich mineral endowment, the mining sector remains underdeveloped and continues to fall short of its full potential. While the federal government has made various efforts to revitalise the sector since 2002, progress has been limited. According to NESG (2024), with the right policy, investment, and institutional frameworks, the sector could become a key driver of economic growth, industrialisation and economic diversification.

16 Federal Ministry of Finance, Budget and National Planning (2020). Reviewed National Integrated Infrastructure Master Plan. https://nationalplanning.gov.ng/wp-content/uploads/2022/10/REVIEWED-NIIMP.pdf

17 https://www.nuprc.gov.ng/wp-content/uploads/2025/04/UPDATED-NUPRC-2024-ANNUAL-REPORT-1.pdf

Professional Services: The professional services sector includes legal, accounting, management consulting, engineering, architecture, scientific research, advertising and related knowledge-intensive activities. The sector holds significant potential to create better jobs and raise productivity in Nigeria. In 2023, the sector ranked fifth in terms of labour productivity in Nigeria (see Table 4) and offers formal employment with better pay, working conditions and career progression prospects, which can help attract and retain skilled talent. Strengthening education and skills development targeted will be crucial to unlocking the sector's capacity to generate more productive jobs and position Nigeria as a regional hub for business and professional expertise.

Education: The education sector is foundational to Nigeria's long-term development and productivity. It plays a central role in building a skilled, adaptable, and future-ready workforce, especially through reforms in foundational learning, science, technology, engineering and mathematics (STEM), technical and vocational education (TVET) and digital literacy. Despite widespread challenges in learning outcomes and access, in some states, the education sector is undergoing a shift toward more technology-enabled delivery models. Strategic investments in education will be critical to unlocking productivity gains across other high-potential sectors, including manufacturing, agriculture and technology.

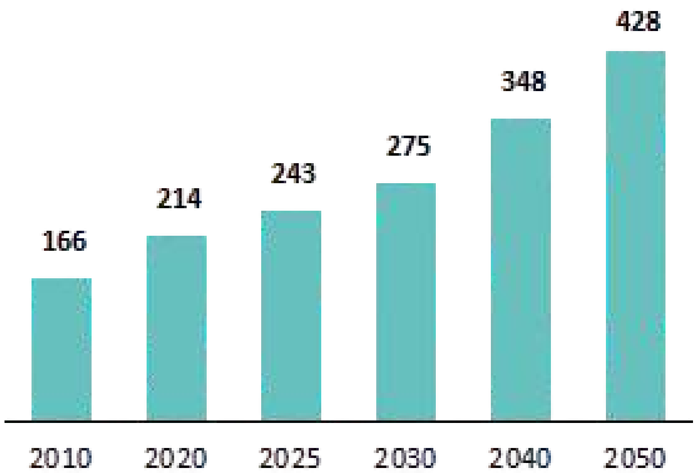
Health: The health sector is integral to economic development by fostering a healthy, productive population and supporting job creation through service delivery, health innovation and infrastructure expansion. Investments in primary healthcare, health workforce training and strengthening health systems are essential to improving access and reducing health-related productivity losses. Technology is increasingly shaping the sector, with innovations in telemedicine, mobile diagnostics and health data systems enhancing service delivery, especially in underserved communities. A more inclusive and technology-enabled health system can reduce inequality, boost economic participation and support sustainable growth.

How Many Jobs Does Nigeria Need to Maintain Current Unemployment Rate?

By 2050, Nigeria is projected to become the world's third most populous country, with a population of 428 million (US Census Bureau, 2025). Before 2050, the population is expected to reach 275 million by 2030. This rapid population growth will intensify demand for jobs, infrastructure, public services and social protection. More importantly, it will put Nigeria's labour market under greater pressure to deliver meaningful opportunities, especially for young people, who make up a significant and growing share of the working-age population.

The challenge, however, is not merely about creating jobs in large numbers. The focus in the long term must be to create better jobs and build a more inclusive and productive labour market. This means shifting from low-wage, low-productivity and vulnerable employment to jobs that offer security, decent pay and opportunities for upward mobility.

Figure 17: Nigeria's Population in millions



Source: US Census Bureau

Currently, informal employment accounts for about 92% of total employment in Nigeria. To reverse this trajectory, Nigeria needs a bold and ambitious Jobs Agenda that significantly scales up the creation of formal jobs while improving the quality of existing informal jobs. Our simulation estimates that, to maintain unemployment rate at 4.3%, Nigeria must create 27.3 million jobs from 2025 to 2030, that is an annual average of 4.55 million net formal jobs. This level of job creation is necessary to accommodate new entrants into the labour market and gradually absorb workers currently engaged in low-productivity, informal jobs, while maintaining the unemployment rate at 4.3%. Under this scenario, formal employment would grow from 6.3 million in 2024 to 33.6 million by 2030, marking a shift toward a more inclusive and productive labour market. This will require coordinated efforts from the public and private sectors and other stakeholders.

This estimate is based on a step-by-step projection model, including:

- A 2% annual growth in the working-age population;
- A constant labour force participation rate of 80%;
- A targeted informal employment decline from 93% in 2024 to 67% by 2030.

This is an ambitious but essential target. Without a transformation of the labour market, millions of Nigerians, particularly young people, will remain trapped in precarious, low-productivity work. The long-term consequences include slower economic growth, rising inequality, deepening poverty, social instability and a missed opportunity to harness Nigeria's human capital advantage.

Figure 18: Nigeria’s Race for 27 Million Jobs by 2030

NIGERIA’S RACE FOR 27 MILLION FORMAL JOBS BY 2030

Nigeria’s Population is projected to increase to 275 million by 2030

Over
3.5 million
Nigerians enter the labour market each year

Without action, millions of Nigerians will remain marginalised

93%
of Nigerian workers are in informal employment

86%
of Nigerians workers are self employed

30%
Unemployment/underemployment rate could rise to 30% by 2030 if jobs are not created in large numbers

Nigeria must create formal jobs to raise income level & reduce poverty

4.55 million
To maintain the current unemployment rate at 4.3%, 4.55 million net formal jobs are needed each year

To achieve this, the share of formal employment has to increase from:

7% → **33%**
2024 → 2030

Source: NBS, World Bank, US Census Bureau, NESG Research

Infographics: Nigerian Economic Summit Group

Which Sectors Will Drive the Creation of these Jobs?

From a sectoral viewpoint, four sectors are important in achieving this ambitious job creation target. They include manufacturing (including agro-processing), construction, ICT and Professional Services. The selection of these four sectors does not mean that other sectors are irrelevant to job creation. However, they were selected based on their capacity to absorb labour from low-productivity sectors and drive the country's structural transformation process. Table 8 shows a breakdown of job creation by sector from 2025-2030. The four priority sectors will contribute to 35% (9.7 million) of new jobs, while manufacturing alone accounts for 21% of new jobs created during the period. In making the projections, a fundamental assumption is that the government will implement crucial reforms to accelerate the growth of these priority sectors, attract significant investments into these sectors, invest in skills training and make significant progress in addressing infrastructure, power and logistics challenges in the short to medium term. Meanwhile, protecting jobs in other sectors like education and health ensures inclusive growth amid structural changes in the economy.

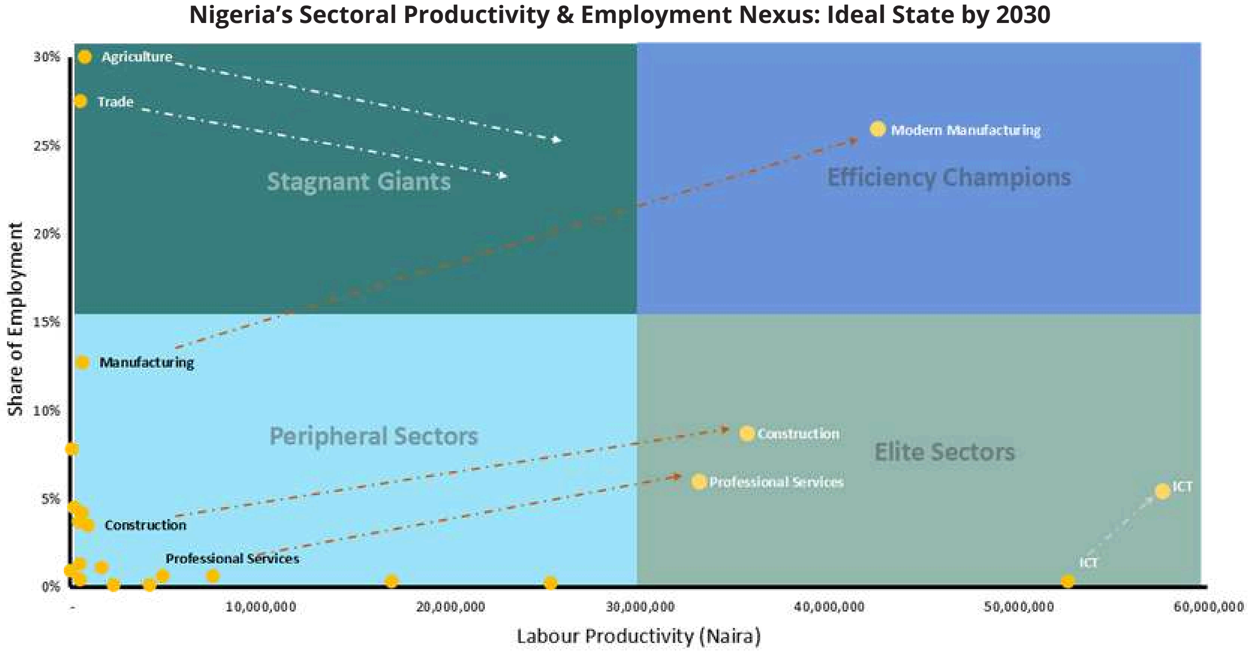
Table 8: Sectoral Breakdown of Job Creation (2025 – 2030)

	Total Number of Formal Jobs created	Sectoral Shares of New Jobs created	Average Formal Jobs per Annum	Change in Employment Share 2023 - 2030
Manufacturing (includes agro-processing)	5,634,752	21%	939,125	12.7% -> 24%
ICT	1,014,282	4%	169,047	0.3% -> 5%
Professional Services	1,207,581	4%	201,263	0.6% -> 6%
Construction	1,825,153	7%	304,192	3.5% -> 8%
Others	17,612,761	65%	2,935,460	82.9% -> 57%
	27,294,529		4,549,088	

Source: NESG Research

With these reforms, Nigeria can create efficiency champions and elite sectors by 2030, with increased sectoral and overall productivity and more capacity to absorb labour. While sectors such as trade and agriculture experience a decline in the shares of employment, their productivity level will increase significantly. This has broader implications for food security, income level and value chain development.

Figure 19: Sectoral Labour Productivity by Sector (Naira) and Share of Employment: Ideal State by 2030



Source: Created by NESG Research Using NBS data on Sectoral GDP and Employment for 2023

The failure to create formal jobs on a large scale will have severe consequences. Nigeria's informal economy will continue to expand from the current 92% of employment, implying that more workers will be stuck in low-productivity and unstable jobs with no or limited social protection. The number of unemployed individuals is expected to triple by 2030, and this could trigger social unrest and migration pressures. Nigeria will remain dependent on crude oil revenues and export earnings, while the country's demographic dividend will not be realised. The government, therefore, needs to be proactive in enabling massive formal job creation, as this is both an economic and social emergency.

Preparing for Tomorrow: What Skills Will Be in Demand?

Unlocking the full potential of Nigeria's high-growth sectors will require building a future-ready workforce through targeted investments in technical, digital, vocational, STEM, and soft skills aligned with evolving market needs. WEF (2025) notes that the fastest-growing job roles globally will be shaped by advances in AI, robotics, and digital access. Similar patterns are emerging in Nigeria, where businesses surveyed by the WEF identified expanding digital access as the most transformative trend. Technological drivers such as AI, information processing and autonomous systems are accelerating the need for new skill sets. While these skills are relevant if Nigeria must compete globally, foundational skills and competencies remain essential. During this research, the team engaged with experts across agriculture, manufacturing, financial services, telecommunications, and government institutions to better gain insights into Nigeria's future job and skills landscape.

Expert insights and our analysis point to the following competencies as critical for a thriving economy and an inclusive labour market:

Digital literacy and practical digital skills: The National Digital Economy Policy and Strategy (2020-2030) explicitly recognises the importance of digital skills for building a globally competitive workforce. As highlighted by the World Bank (2019), digital technologies are expected to play a key role in driving productivity, with future economic success increasingly reliant on having a larger proportion of the workforce equipped with strong digital skills than ever before. These skills are necessary for engaging with current and emerging technologies such as AI and machine learning. Furthermore, advanced digital skills in big data are increasing in relevance. The Nigerian government, through its 3 Million Tech Talent (3MTT) programme, aims to develop Nigeria's technical talent backbone to power the digital economy. The 3MTT programme aims to equip millions with technical knowledge in fields like AI, data analytics, and data science.

Network and cybersecurity: As Nigeria's digital ecosystem rapidly expands, the demand for skilled professionals in network and cybersecurity is set to grow significantly. To remain competitive and secure in the future digital marketplace, it is essential for the workforce to develop expertise in these critical areas. The government's 3MTT programme and its recent TVET initiative also focus on equipping the youth with skills in areas such as coding, cybersecurity, and cloud computing.

Vocational and technical skills: These skills are vital for sectors such as construction, infrastructure, renewable energy, automotive services, manufacturing and the green economy. As Nigeria faces infrastructure deficits and aims to grow its clean energy base, vocational trades in electrical installation to solar panel deployment, plumbing, etc. will be increasingly essential. The government's recently announced TVET programme also aims to train 5 million Nigerians in areas such as renewable energy, construction, ICT, the creative industry and the automotive industry. This initiative, if properly implemented with key stakeholders, could equip youth with practical, work-ready skills that align with market needs and industrial priorities.

STEM: STEM competencies are critical for closing labour market gaps and driving technological innovation. Engineering and technical skills, in particular, play a vital role in advancing industrial capabilities. Countries such as China and India have significantly enhanced their global competitiveness by strategically developing STEM talent. Nigeria's financial sector is also evolving rapidly with the adoption of advanced technologies. For instance, Indian banking software is widely deployed across Nigerian banks, while FinTech platforms continue to redefine service delivery and create new employment opportunities. Microfinance institutions such as MoniePoint and Opay have effectively leveraged technology to broaden their reach and promote financial inclusion. Capitalising on these emerging opportunities requires a workforce equipped with strong STEM skills. Leading financial service providers such as Opay and PalmPay depend heavily on engineering and technology talent to innovate, scale, and remain competitive.

Soft and cognitive skills: In addition to technical competencies, soft skills, including resilience, flexibility, agility, curiosity and lifelong learning, are projected to gain increasing importance in the evolving job market (WEF, 2025). Key soft skills highlighted by experts during this research include:

- Problem-solving and critical thinking
- Emotional intelligence and self-awareness
- Creativity and innovation
- Communication

Soft skills are essential in navigating and adapting in the digital world. Doug Belshaw's 8 Elements of Digital Literacy highlighted the importance of key soft skills such as resilience, critical thinking, problem-solving, creativity, and innovation. Additionally, qualities like curiosity and a commitment to lifelong learning are important for continuous upskilling and reskilling in today's dynamic digital landscape.

Source: Canva


Source: Canva

4.0

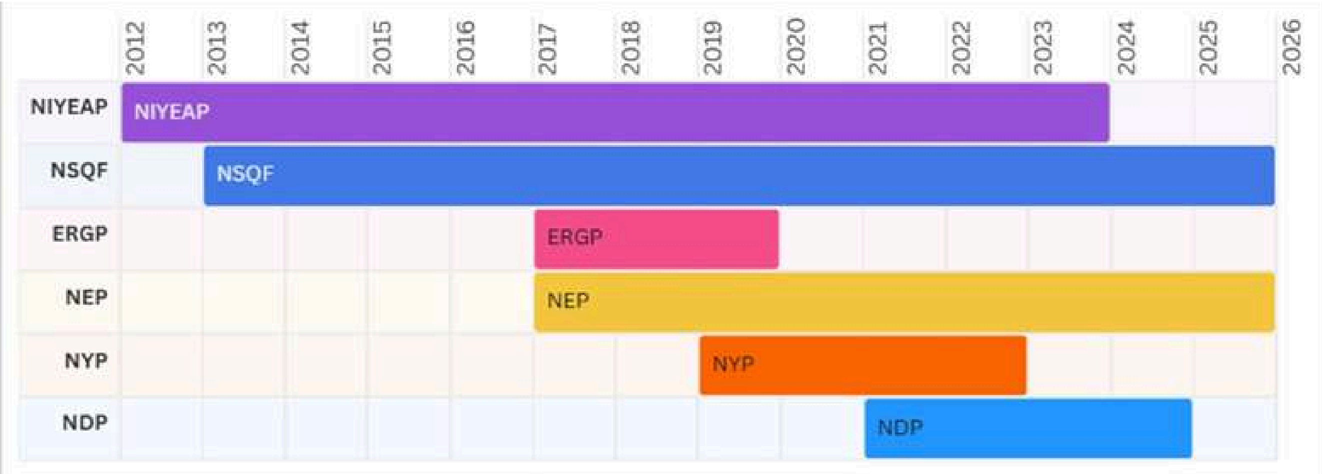
Policy and Institutional Landscape for Employment and Productivity

This section examines key policy and strategic frameworks in Nigeria that prioritise employment and productivity. It also assesses their successes and shortcomings. In addition, it reviews successful frameworks from other countries that have been effective in promoting job creation and skills development.

Key Policy Frameworks

Employment and labour market policy and strategic frameworks such as the National Development Plan (2021-2025), Economic Recovery and Growth Plan (ERGP) (2017–2020), the National Employment Policy (2017), the National Youth Policy (2019) and the Nigeria Youth Employment Action Plan (NIYEAP) (2021–2024) were adopted by the Nigerian government to bolster job creation and improve labour market outcomes. Figure 20 shows the timeline of these frameworks. Despite these efforts, the plans and policies have achieved limited success in meeting their stated objectives. The plans acknowledge the importance of formal, decent employment. This section discusses some of these plans and policy frameworks of the Nigerian government in relation to employment and productivity.

Figure 20: Timeline of Key Nigerian Policy Frameworks



Nigerian Youth Employment Action Plan (NIYEAP) 2021-2024 The revised Nigeria Youth Employment Action Plan (NIYEAP) (2021–2024) sought to address the youth employment challenge through a comprehensive and coordinated approach. It also aimed to support the job creation target outlined in the National Youth Policy (2019), which aspired to generate 3.7 million jobs annually between 2019 and 2023.

The NIYEAP had four priority areas: Employability, Entrepreneurship, Employment, Equality and Rights. The plan builds upon existing national frameworks such as the National Youth Policy and the Economic Recovery and Growth Plan (ERGP). It is also shaped by the ILO Call for Action on Youth Employment and aligns with the thematic priorities of the Global Initiative on Decent Jobs for Youth.

These include digital skills, quality apprenticeships, youth engagement in the rural economy, green jobs, entrepreneurship and self-employment, transitions to the formal economy and support for youth in fragile contexts. The strategic actions within each intervention area are targeted at key sectors with strong potential for youth job creation.

While the NIYEAP officially concluded in 2024, elements of its initiatives, such as youth entrepreneurship support and digital skills development, appear to persist in ongoing employment-related programmes, suggesting its continued influence on current policy directions.

National Employment Policy (NEP) The National Employment Policy aims to foster an environment that promotes productive and employment-driven growth in Nigeria. According to the policy, achieving full employment is a significant challenge that requires effective strategies. Nigeria's commitment to this goal is reflected in its ratification of the ILO Convention No. 122 on Employment Policy, which mandates that member states pursue active policies to promote full, productive, and freely chosen employment.

Despite this commitment, the policy document acknowledges that decent employment continues to be a major socio-economic challenge in Nigeria. Therefore, the NEP's ultimate goal is to ensure job-rich and inclusive economic growth for the country.

The NEP (2017) provides a comprehensive framework for addressing employment challenges in Nigeria. Key features include:

- Provision of a functional education and skill training system.
- Improve the capacity of businesses in the private sector to drive the economy and lead in employment generation in Nigeria.
- Transformation of agriculture through value chains in the agro-processing sector.
- Capacity building for mining, mineral processing, entertainment and creative arts industries.
- To create decent jobs and protect the natural environment.
- Create opportunities for employment, apprenticeships and skill acquisition for youth.

National Development Plan (NDP) 2021–2025 The National Development Plan (NDP) 2021-2025 is Nigeria's medium-term strategy aimed at fostering sustainable economic growth and development. It succeeds the Economic Recovery and Growth Plan (ERGP) 2017–2020 and aligns with the broader objectives of Nigeria's Agenda 2050.
The vision of the plan is to unlock Nigeria's potential in all sectors of the economy for a sustainable, holistic, and inclusive national development. The key objectives of the plan include:

- Economic Diversification: Establish a strong foundation for a diversified economy with robust growth in Micro, Small, and Medium Enterprises (MSMEs) and a resilient business environment.

- Infrastructure Investment: Invest in critical physical, financial, digital, and innovation infrastructure to support economic activities and improve competitiveness.
- Security and Governance: Build a solid framework to enhance capacities, strengthen security, and ensure good governance.
- Human Capital Development: Build a vibrant, well-educated, and healthy population. · Poverty Reduction and Social Inclusion: Enhance social infrastructure and services to reduce poverty and inequality.
- Regional Equity: Promote balanced development across States to reduce regional disparities in economic and social outcomes.

The overarching goal of the Plan is to drive inclusive and broad-based economic growth, with the following key targets over the 2021–2025 period:

- Achieve an average real GDP growth rate of approximately 5%;
- Generate about 21 million new jobs by 2025 (and productivity per capita of 3,706); and
- Lift 35 million Nigerians out of poverty by 2025.

These outcomes are intended to lay a strong foundation for the broader objective of the National Poverty Reduction and Growth Strategy (NPRGS), which aims to lift 100 million Nigerians out of poverty within a decade. Unfortunately, the Plan has not successfully achieved most of its targets. Some of the reasons behind this outcome are discussed in the subsequent sub-section.

National Skills Qualification Framework (NSQF)

The NSQF was established by the National Board for Technical Education (NBTE) in collaboration with other stakeholders (e.g., Ministries of Labour, Education, Industry). The framework is designed to develop, classify and recognise the skills, knowledge, understanding, and competencies individuals acquire, regardless of how or where the learning occurs. Whether gained through formal education, workplace experience, or informal means, the NSQF clearly outlines what a learner is expected to know or be able to do. It also provides a structure for comparing qualifications and supports progression from one level to the next.

The objectives of the NSQF include:

- Ensuring the quality, relevance, and recognition of Technical and Vocational Education and Training (TVET) offerings;
- Reducing the complexity and ambiguity faced by industry in identifying and selecting competent individuals;
- Establishing clear pathways for progression from informal short-term skills training to formal TVET programmes; and
- Bridging the gap between the competencies of TVET graduates and the skills and knowledge demanded by employers.

The NSQF has 9 levels, each representing an increase in complexity and depth of skills and knowledge, similar to global frameworks. It integrates technical, vocational, and academic qualifications into a unified system.

The key features of the framework include:

- Competency-Based Training (CBT): Focused on practical and job-ready skills. · Recognition of Prior Learning (RPL): Allows individuals with informal or non-formal skills to be assessed and certified.
- Industry Relevance: Developed in partnership with industry to ensure alignment with labour market needs.
- Occupational Standards: NSQF uses National Occupational Standards (NOS) to define learning outcomes for specific jobs or occupations.
- Mobility and Progression: Enables progression from low-level skills (Level 1) to high-level professional qualifications (Level 9).

Policy and Planning Gaps: Missing Links for Job Creation

Nigeria's development plans have consistently failed to achieve key job creation targets. The ERGP planned to reduce unemployment rate from 13.9% in Q3 2016 to 11.23% by 2020, thereby creating over 15 million jobs during the Plan horizon or an average of 3.7 million jobs per annum. As at 2020, Nigeria's unemployment rate was 33.3% (NBS, 2021). Similarly, as Iheanacho (2014) observed, the four main objectives of the 2004 National Economic Empowerment and Development Strategy (NEEDS), including employment generation, wealth creation, poverty reduction and value reorientation, largely failed to materialise. The poor performance of development plans raises concerns about whether Nigeria will be able to meet its target to create 21 million new jobs by 2025, as contained in the National Development Plan (NDP) 2021-2025.

Several challenges include:

Lack of continuity of government programmes: Successive governments often lack the commitment to sustain and complete the development plans and programmes initiated by their predecessors. This aligns with what Okoli and Onah (2002) described as the frequent turnover of development plans, which has resulted in numerous abandoned and uncompleted projects across the country.

Weak implementation capacity and public sector inefficiency: Development planning in Nigeria continues to be undermined by poor coordination and lack of harmonisation, both within individual administrations and across successive governments. These disconnects result in inefficiencies, policy fragmentation, duplication of efforts, and poor continuity of reform programmes (Ibietan and Ekhosuehi, 2013). Institutional weaknesses across ministries, departments, and agencies have significantly constrained the effective implementation of development plans.

Excessive bureaucracy, capacity deficits, and political instability, long- standing features of the public sector, have further affected execution. A critical shortfall remains the absence of robust monitoring and evaluation systems. This weakens accountability mechanisms and limits the government's ability to make timely, evidence-based adjustments to improve policy effectiveness.

Corruption and Resource Mismanagement: Corruption within Nigeria's political and administrative systems has consistently undermined the success of development plans and programmes. It remains a deeply entrenched societal issue, with many initiatives serving as vehicles for personal enrichment rather than tools for national progress. The misuse of funds intended for critical sectors, such as health, education, and infrastructure, has consistently derailed implementation and limited developmental impact. As Ologbenla (2007) observed, the misappropriation of privileges and opportunities for self-gain has become a defining feature of governance in Nigeria. Onah (2006) argued that the failure of national development visions is largely due to poor execution by corrupt and self-serving political leaders and bureaucrats, whose actions erode public trust and compromise long-term progress.

Absence of Reliable and Timely Data: Effective development planning relies heavily on the availability of accurate, timely, and disaggregated data. In Nigeria, however, persistent challenges in data generation, integrity and utilisation continue to impede evidence-based policymaking. Key issues include inadequate institutional capacity, limited coordination among data-producing agencies, manipulation of data for political or personal gain, and public mistrust that affects the accuracy of self-reported information (see Dzaan and Ojo, 2024; Iheanacho, 2014, and Okunoye, 2022).

A notable example is the long-standing uncertainty surrounding Nigeria's actual population size. The last national census was conducted in 2006, and although a census was scheduled for 2023, it was postponed indefinitely due to political and logistical constraints. In the absence of updated and credible population data, it becomes extremely difficult to estimate critical planning indicators, such as birth and death rates, school-age population, demographic transitions and labour force statistics. These gaps undermine the design, targeting, implementation, and evaluation of national development strategies (Iheanacho, 2014).

Despite improvements in data collection in recent years, such as the Nigeria Digital Identification for Development (ID4D) initiative, the adoption of electronic data collection by the NBS and increased collaboration with development partners, systemic barriers remain. These include inadequate funding for statistical agencies and fragmented data systems. Data challenges remain a major impediment to achieving inclusive and well-informed national planning. It is important to confront the challenges that have long impeded progress, to ensure that plans can translate into tangible improvements in livelihoods and attain national development outcomes.

Source: Canva

5.0

Learning from Success Stories: International Perspectives on Skills and Human Capital Development

Many countries that have achieved sustained development have invested in strong educational and training systems. This section reviews the technical and vocational system of Germany and China and highlights lessons for Nigeria.

Germany

Germany is recognised internationally for its dual vocational training system (Duale Ausbildung), which blends classroom-based learning with structured on-the-job training. The dual VET system is considered an effective model for facilitating the transition from school to the workforce, especially due to its integration of learning with practical work experience. Also, the strong connection between educational institutions and companies is a unique feature of the system, which contributes to Germany's notably low youth unemployment rates.

The chambers of commerce and industry, along with the chambers of skilled crafts, are primarily responsible for overseeing dual vocational training. These chambers operate through a decentralised, regionally organised structure. The involvement of social partners - employer organisations and trade unions - at various levels is crucial. Since vocational training must align with labour market demands, employer associations and trade unions play a significant role in shaping the content and structure of both initial and continuing vocational education and training.

Data show that about 50% of upper secondary school graduates in Germany opt for this pathway, where they spend 3-4 days a week at an enterprise and 1-2 days in a vocational school, usually for 3 years. Graduates of the dual apprenticeship system have several opportunities to advance their careers. For professional development, they can pursue state-recognised advanced training qualifications, such as becoming a master craftsperson, which are highly regarded in the labour market. Additionally, subject-specific access to higher education is also available to them.

Key Features of Germany's Model

- Employer Involvement: Companies participate in curriculum development and training delivery, ensuring that skills taught align directly with current industry needs.
- Certifications and Standards: Training follows national standards with industry-recognised
- qualifications, enhancing mobility and employability.
- Early-career Integration: Students as young as 16 can enter vocational tracks, earning stipends and gaining real-world experience.
- Strong Labour Market Outcomes and Low NEET Rates: Graduates from the dual TVET system benefit from high employment rates. Germany has one of the lowest rates of youth not in employment, education or training (NEET), attributed largely to its structured TVET system.

This system contrasts with Nigeria's predominantly theoretical, classroom-based training, where weak industry linkages limit the relevance of skills acquired. In Germany, less emphasis is placed on obtaining university degrees for labour market success, as vocational tracks offer comparable earnings and career advancement.

Lessons for Nigeria

Nigeria's TVET system is predominantly theoretical, with limited private sector involvement and weak alignment with labour market demands. This concern was echoed by experts interviewed for this report. The German model illustrates how strong industry linkages, standardised curricula and clear career progression pathways can improve the relevance, appeal and effectiveness of vocational education. Notably, the German private sector plays a significant role in financing and shaping TVET programmes. Increased financial and institutional commitment from Nigerian enterprises could similarly strengthen the national TVET system. By adopting key features of this model, Nigeria can build a more responsive skills ecosystem and better equip its workforce for the demands of a modern, competitive economy.

Table 9: Dual Vocational Training System – Germany vs. Nigeria

Dimension	Germany	Nigeria
Structure	Combines classroom-based education at vocational schools with paid on-the-job training in companies.	Mainly school-based; limited integration with workplace training.
Industry Involvement	Private sector plays a central role in training design and delivery.	Limited private sector engagement in curriculum design or training.
Funding	Shared between government and private sector.	Largely public with minimal private sector contribution.
Curriculum and Standards	Nationally standardised and regularly updated curricula; Strong coordination between federal and regional authorities, industry and educational institutions.	Curricula are often outdated, misaligned with employer requirements, and vary by institution; Weak coordination among stakeholders.
Outcome	High employability, low youth unemployment, strong skills alignment.	Limited job readiness, high unemployment, and skills mismatch.


Source: Canva

China

China's remarkable economic transformation over the past four decades has been driven by a series of market-oriented reforms, including encouragement of rural enterprises, investment in industrial production, infrastructure and the strategic education of its workforce. A notable outcome of these reforms was the rise of Township and Village Enterprises (TVEs), which absorbed tens of millions of rural workers and enabled a large-scale shift from subsistence agriculture to higher-value-added manufacturing.

An important pillar of this transformation has been China's deliberate and sustained investment in human capital. As explained by Osidipe (2018), behind China's economic developments is its nationally coordinated strategic skills training system, deliberately established and sustained by the government to reinforce its broader economic agenda. The design and governance of Technical and Vocational Education and Training (TVET) have been carefully integrated into the country's development strategy, effectively complementing the range of economic reforms pursued by the Chinese government.

China's TVET system operates across three key stages. At the secondary level, TVET introduces students to foundational operational skills. At the tertiary level, it provides more specialised training in areas such as manufacturing, management, services and construction. A third stage comprises ongoing in-service training, delivered by educational institutions and enterprises, to continuously update workers' skills in response to changing labour market demands. A defining feature of China's TVET system is its emphasis on vertical and horizontal mobility, which enables learners to progress across qualification levels and transition between vocational, general and higher education pathways[18].

Lessons for Nigeria

Nigeria can draw several important lessons from China's experience with economic transformation and vocational education. China's experience shows that aligning TVET with national priorities such as manufacturing, infrastructure, and rural enterprise can drive structural change and labour mobility. A multi-tiered and flexible technical and vocational education and training (TVET) system, like China's, would enable continuous learning, allow movement between academic and vocational tracks and facilitate strong in-service training.

18 https://blogs.worldbank.org/en/education/lessons-china-vocational-education-economic-transformation-africa

Source: Canva

6.0

A New Jobs Agenda for Nigeria: Making Nigeria Work

Nigeria's Jobs and Productivity Agenda will require a clear and coherent vision to create decent work and raise productivity. This involves not only creating jobs in large numbers, but also ensuring these jobs are productive, secure and inclusive. The success of this agenda will depend on stakeholder collaboration, robust data architecture, continuous monitoring and evaluation and, more importantly, commitment by the government to implement key reforms.

This section is not meant to provide the actual agenda itself, but rather, to outline a practical framework that can guide the development and implementation of the Jobs and Productivity Agenda. It provides a foundation for policymakers, the private sector and development partners to align their efforts, ensuring that job creation is not an isolated goal but an integral part of a broader strategy for inclusive and sustainable economic growth.

In the previous sections, we discussed the state of the Nigerian labour market and key trends that will influence labour market outcomes in the near future. As such, our estimates indicate that Nigeria will need to create approximately 4.55 million net productive jobs annually over the next five years to maintain the current unemployment rate of 4.3% and improve living standards. At the Nigerian Economic Summit Group, we recognise that this is a huge feat for the government, but it must be prioritised to ensure high productivity growth and sustained economic growth in Nigeria.

At the heart of this approach is the **Nigeria Works Framework,** which outlines the building blocks for delivering better jobs and higher productivity in Nigeria's changing labour market. This framework serves as a blueprint for the jobs and productivity agenda and highlights the strategic pillars and interventions needed to raise productivity, unlock better employment opportunities and accelerate economic transformation.

Figure 21:
Nigeria Works Framework

Core Pillars of the Framework

The framework is structured around six core pillars, with defined inputs, key actors and measurable outcomes.

Figure 22: Nigeria Works Framework and Pillars

1. Skills for Productivity

Skills development is the bedrock of productive employment and inclusive growth. In Nigeria, the challenge is not only the limited number of formal jobs, but also the mismatch between the skills of workers and employers' needs. In addition, the technical and vocational education system faces challenges of limited funding, inadequate curricula and facilities and a brain drain of skilled professionals.

This pillar aims to reform, reskill and reorient the workforce to meet the demands of a dynamic labour market, with special attention to digital skills, soft skills and vocational/technical competencies. A national skills development programme that addresses these challenges holistically is critical.

Nigeria needs skills for emerging and traditional sectors. For example, skills for movie production, electrical & mechanical engineering and handling modern production equipment are crucial. Similarly, technical skills in agriculture, healthcare, construction and manufacturing must be strengthened to support the creation of quality jobs.

Input

- A robust labour market intelligence system to align skills development with market demand.
- An urgent and comprehensive review of TVET institutions, programmes and curricula across the country to ensure they meet 21st-century standards and sector-specific needs. This must be done in partnership with the private sector and other stakeholders.
- A review of primary and secondary education to close gender and regional gaps, improve access, quality and learning outcomes and ensure the adoption of innovative learning methods.
- Strategic investment in digital skills bootcamp and soft skills training to boost employability.

Expected Outcomes

- Increased employability and job-matching for young people and other priority groups.
- Stronger pathways for transitioning from informal work into more productive and secure livelihoods.
- A workforce that drives Nigeria's productivity and competitiveness in both domestic and global markets.

Key Actors

Federal and State Governments, Ministries of Education, Labour & Employment, the National Board for Technical Education (NBTE), National Universities Commission (NUC), Nigerian Educational Research and Development Council (NERDC), Universal Basic Education Commission (UBEC), private training providers, tertiary institutions, development partners, business member organisations and private firms.

2. Sectoral Engines of Job Growth

Nigeria's job market is dominated by low-productivity activities in agriculture, trade, transport and other services. Key aspects that can create large-scale decent jobs like manufacturing, agri- business, digital services and the creative industry remain underdeveloped. Specific sectors need targeted interventions to drive their expansion and ability to absorb workers.

This pillar aims to harness the potential of key sectors in creating jobs and expanding economic opportunities, particularly for young people and women in Nigeria. This requires coordinated action to remove barriers and unlock the growth and job-creating potential of labour-intensive sectors.

The focus sectors include:

- **Manufacturing:** Enhancing productivity through industrial clusters, strengthening value chains, reducing post-harvest losses and linking smallholder farmers to processing and export opportunities, supporting forward and backward integration and providing infrastructure and affordable finance.

- **Construction:** Accelerating investments in affordable housing and rural/urban infrastructure to absorb low-skilled and semi-skilled labour.

- **ICT:** Boosting digital platforms and enabling policies to create modern, tech-driven jobs. These jobs will not be limited to the ICT sector but will also include areas such as education, health, renewable energy, creative economy, etc.

- **Professional services:** Improving the business environment and support skills development in key areas such as such engineering, research, finance, and other high-demand areas.

Input

- Investment incentives and policies that prioritise labour-intensive sectors.
- Infrastructure provision including reliable power supply, railway, better poor and border-access roads and broadband connectivity.
- Developing concessional finance for small businesses and implementing market access initiatives, including export promotion and trade facilitation.
- Strategic sectoral policies and roadmaps aligned with local comparative advantage.

Expected Outcomes

- Rapid expansion of sectors with high labour absorption capacity.
- Expansion of formal employment and an increase in labour productivity per sector.
- Diversification of the economy (particularly exports) and reduced vulnerability to external shocks.
- A more resilient economy that can create jobs while meeting environmental sustainability goals.

Key Actors

Federal and State Governments, Ministries of Industry, Trade & Investment; Agriculture & Food Security; Communications, Innovation & Digital Economy; Works; Housing & Urban Development, private sector players, cooperatives, development finance institutions and local and international investors.

This pillar emphasises that better jobs do not solely result from economic growth – they are created when growth occurs in the right sectors. If Nigeria is to create better jobs now and in the future, the country must harness its existing comparative advantages, build new ones, and implement policies to unlock these advantages.

3. Enterprise-Led Growth

Micro, small and medium-sized enterprises (MSMEs) form the backbone of Nigeria's economy, accounting for the majority of employment. Yet, most of these enterprises remain small, informal, and constrained by limited access to finance, markets and other doing-business challenges. These businesses face problems of high interest rates, strenuous demand for collateral, inadequate infrastructure, multiple taxes, regulatory bottlenecks, limited market linkages and value chain integration and low levels of digitalisation and technology adoption. These obstacles limit their ability to grow, create jobs and move up the productivity ladder.

The aim of this pillar is to unleash the power of enterprises to drive job creation, economic diversification and inclusion. By enabling more businesses to scale, compete and formalise, Nigeria can unlock millions of productive and decent jobs.

Input

- Improve access to finance through targeted credit schemes, loan guarantees and venture capital. Strengthen the capacity of development finance institutions to expand their MSMEs coverage and enhance monitoring and evaluation.

- Business environment reforms (simplifying government regulations, reducing red tape and ensuring efficient interactions between businesses and key government agencies like the Nigeria Customs Service, the Standard Organisation of Nigeria, etc.).
- Support digital transformation and adoption among MSMEs by linking technology service providers to MSMEs.
- Market access initiatives - linking MSMEs to larger domestic and export markets.
- Strengthening the ecosystem for entrepreneurship, including incubators, accelerators and business support services.

Expected Outcomes

- Increased firm-level job creation.
- Increased share of MSMEs that are able to access finance from formal institutions.
- A gradual shift from informal to formal employment.
- Higher productivity and income for small businesses and their workers.
- Greater resilience and competitiveness of Nigeria's economy.

Key Actors

Federal and State Governments, Presidential Enabling Business Environment Council (PEBEC), Bank of Industry (BOI), Development Bank of Nigeria (DBN), Ministries of Industry, Trade and Investment (MITI), Ministry of Communications, Innovation and Digital Economy, development partners, business associations and private investors.

4. Informal Economy Upgrading and Inclusion

With over 90% of jobs in the informal sector in Nigeria, ignoring the informal economy is not an option. While informality is often synonymous with low productivity, income insecurity and vulnerability, it has become a safety net for millions of Nigerians. Workers and small informal enterprises often operate outside the reach of social protection and, in some cases, regulatory frameworks. This, and other challenges of limited access to finance, etc., limit their potential to grow, improve productivity and contribute more effectively to national prosperity.

This pillar aims to upgrade and integrate the informal economy, not by forcing it out of existence, but by supporting its transition to higher productivity and, where possible, formalisation[19] . The goal is to create pathways for informal workers and enterprises to access better livelihoods, social protection and upward mobility.

19 We note that formalisation does not necessarily imply that productivity challenges are automatically addressed, as formal firms still face challenges in the economy. However, formalisation can improve access to finance, enable better compliance with regulations and create a more stable environment for long-term investment.

Input

- Upgrading infrastructure in informal markets (e.g., trading hubs, artisanal clusters, better organisation).
- Expanding access to microfinance, insurance, and social protection for informal businesses (pensions, health insurance schemes).
- Providing skills development and enterprise support tailored to informal entrepreneurs.
- Simplifying registration processes and offering incentives for gradual formalisation, e.g. linking access to finance with business registration
- Promoting cooperatives and collective enterprises to increase business resilience.

Expected Outcomes

- A gradual reduction in the share of vulnerable informal employment.
- Expanded coverage of social protection and job security.
- Enhanced productivity and earnings among informal workers and enterprises.
- Greater resilience of informal livelihoods, reducing poverty and inequality.

Key Actors

Federal and State Governments, local governments, cooperatives, microfinance institutions, social insurance agencies, development partners and grassroots organisations.

It is crucial to note that discussions on formalisation often focus on what businesses should do: register, pay taxes and comply with regulatory requirements. However, formalisation must also be viewed from the view that the government must create an enabling environment that makes formalisation worthwhile. This means using tax revenues judiciously to provide better services and infrastructure that directly benefit businesses, such as modern markets and trading hubs, reliable power and water, transport links and finance facilities. It also means providing fair and transparent regulation, effective dispute resolution and ensuring that informal workers and enterprises see value in moving towards formalisation by enjoying access to social protection, markets and business support. Without this mutual commitment, efforts to formalise the informal economy will remain incomplete and ineffective.

5. Data, Institutions and Accountability

A successful Jobs and Productivity Agenda must be built on data. In Nigeria, the limited availability of reliable, up-to-date data has often hindered effective policy implementation and created a gap between plans and real outcomes. Fragmented institutional frameworks and weak accountability systems have also undermined job-creation efforts.

This pillar aims to strengthen data systems, streamline institutional roles and foster accountability at all levels. This includes establishing robust labour market information systems to track job creation, productivity and skills gaps across sectors. It also requires clear lines of responsibility across federal, state and local governments, as well as between public and private actors, to ensure that programmes are effectively implemented and outcomes are regularly monitored. Transparent dashboards, independent evaluations and a culture of review and monitoring will be essential.

Input

- Labour market information systems.
- Transparent job creation dashboards.
- Quarterly job creation and productivity surveys (aggregate and sectoral).
- Strengthened monitoring and evaluation frameworks.
- Capacity building for government officials on the role of government and its institutions in supporting the growth of businesses.
- Institutional reforms to improve public sector efficiency and responsiveness to the needs of businesses and workers.

Expected Outcomes

- Evidence-led policy
- Public trust
- Review mechanisms
- A more capable and effective public sector
- Frequent and timely publication of data relating to job creation and productivity in a readable format.

Key Actors

The National Bureau of Statistics (NBS), Ministries of Budget & Economic Planning and Labour & Employment, Nigerian Economic Summit Group (NESG), National Institute for Policy and Strategic Studies (NIPSS), as well as state-level statistical and planning agencies.

6. Productivity for Prosperity

Productivity is the ultimate driver of income growth and competitiveness in any economy. Yet in Nigeria, stagnant productivity levels limit economic transformation, stifle job quality and trap millions in low-wage, low-productivity work.

This pillar aims to elevate productivity as the central metric of national development policy, ensuring that every job contributes to greater economic output and prosperity. Productivity growth is the surest path to sustained poverty reduction. Without prioritising productivity, job creation efforts may simply be undermined, while low-wage, low-quality work that cannot transform the economy or raise living standards will be prevalent.

Input

- Establishment of a National Productivity Fund to support productivity-enhancing investments in key sectors.
- Firm-level technical assistance and upgrading programmes to help enterprises adopt measures to improve productivity.
- Productivity-linked wage pilots and incentive schemes to align wages with output and drive motivation.

Expected Outcomes

- Higher output per worker and improved competitiveness of Nigerian firms, particularly in the tradable sectors.
- Expansion of export-oriented, value-added jobs.
- Income growth and shared prosperity

Key Actors

Federal Government (Presidency and MDAs), employers' associations and business chambers, development finance institutions and donors, productivity-focused research and policy centres and NESG.

Source: Canva

7.0

Recommendations: Actionable Steps for Jobs and Productivity

Building on the analysis of Nigeria's labour market challenges and the Nigeria Works Framework, this section highlights practical and actionable recommendations to guide the Jobs and Productivity Agenda. These recommendations are drawn from Nigeria's unique context and lessons from other countries. The aim is to address several immediate constraints while laying the foundation for long-term economic transformation. To ensure practical implementation, the recommendations are distilled into specific areas such as priority actions for government and stakeholders, appropriate sequencing, recognising trade-offs and how to manage them, and implementing coordination and accountability structures.

Priority Actions for the Federal and State Governments

Short to Medium Term

- **Launch a National Skills Development Programme** with emphasis on technical and vocational skills, digital and soft skills. This must be done in partnership with the private sector and other stakeholders and should cover key sectors such as agriculture, manufacturing, construction & real estate, creatives, ICT, professional services, energy, education and health.

- **Establish a National Productivity Fund** to support the growth of firms and enhance productivity. The fund should incentivise innovation and job creation in strategic sectors. Disbursement of funds to firms must be transparent, performance-driven and anchored on measurable productivity outcomes and sectoral priorities.

- **Prioritise high-employment intensive sectors** in national and state budgets and create industrial and sectoral policies to support these sectors. As stated in the Nigeria Works Framework, these sectors include manufacturing (including agro-processing), construction, professional services and ICT.

- **Create a Jobs and Productivity Council** to drive policy coherence, monitor progress and advise on reforms and their implementation.

- **Enhance an efficient labour market information system** to capture informal work, sectoral trends and future skills needs on a frequent basis. The government needs to conduct national and subnational labour market diagnostics to inform targeted interventions. In addition, the government needs to establish a real-time, nationally coordinated data system to support evidence-based education and employment policy.

- **Simplify business registration and licensing processes** to expand the formal private sector quickly. The government must make it seamless for informal businesses to formalise and clearly communicate the incentives and benefits.

- **Ensure a stable macroeconomic environment, with clear and predictable policies and regulations.** The government must prioritise this to reduce uncertainty, lower the cost of doing business and foster a conducive environment for investment and job creation.

- **Integrate Work-Based Learning:** Mandate structured internships and apprenticeships across polytechnics and universities. Educational institutions must establish strong linkages with the private sector and support students in accessing internship opportunities.

Long term

- **Reform the technical and vocational education and training (TVET) system to meet 21-century skills need.** TVET institutions must be repositioned as prime institutions that are not secondary to universities but rather as strategic hubs for developing a skilled workforce that meets the needs of the economy. This involves reviewing curricula, investing in teacher training, forging closer links with industry and expanding apprenticeships and internship opportunities.

- **State governments can launch an Informal Sector Rejuvenation Programme** to upgrade informal markets with better infrastructure, improved sanitation and digital payment systems. This should involve strengthening access to subsidised finance, insurance and social protection. Such a programme should be jointly designed with informal workers and traders to ensure inclusion and it must support a gradual transition towards greater formality, stability and productivity.

- **Ensure infrastructure development across the board** including roads, ports, industrial parks, energy, logistics infrastructure, among others.

- **Invest in early education and foundational skills to break intergenerational cycles of informality and underemployment.** Improving access to and the quality of education is crucial in preparing the younger generation for better jobs and improving inclusion.

- **Strengthen MSME financing and support services** through Development Bank of Nigeria and Bank of Industry.

- **Scale Up Recognition of Prior Learning (RPL)**: Strengthen and expand the validation of informal and non-formal skills acquisition under the National Skills Qualifications Framework (NSQF) to improve employability, particularly for workers in the informal sector.

Managing Trade-offs and Risks

- The government must balance reforms on informality with the protection of livelihoods and avoid harsh compliance measures that penalise vulnerable workers or traders.
- The government must ensure that the prioritisation of key sectors does not marginalise small- scale enterprises. These businesses must be integrated into local and regional value chains.

Coordination and Accountability Structures

- Jobs target should be embedded into national and state budget frameworks and performance agreements of government MDAs.
- Establish a central dashboard to track and publish formal job creation, informality rates and productivity trends quarterly.
- Involve private sector associations, cooperatives and worker organisations in policy co-creation, monitoring and evaluation.

Source: Canva

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Appendix

Research Methodology

Research Design

This study employed a mixed method research design, combining qualitative and quantitative approaches. The qualitative approach involved the use of semi-structured interviews, which captured the perspective of stakeholders on the issues affecting job creation and productivity in Nigeria. The interviews featured industry experts in agriculture, manufacturing and services as well as representatives from government agencies and development partners. These interviews centred on mapping existing jobs, evaluating challenges and drivers of sectoral productivity and identifying emerging industries and future skills needs across key sectors.

The semi-structured interviews enabled the research team to explore predetermined themes, such as trends of sectoral employment, productivity constraints, skills gaps, technology and job creation and policy challenges, while allowing room for interviewees to highlight sector-specific concerns and emerging issues. Each interview followed a standardised pattern consisting of:

- Core questions asked across all sectors
- Sector-specific questions
- Open discussion to allow for emerging themes not captured by the researchers.

Choice of sectors

The selection of sectors such as agriculture, manufacturing, education, professional services, and financial services for the interviews was informed by the significant contributions of these sectors to the economy and their broad workforce needs. Participating organisations were selected based on their wealth of experience and their strategic role in employment generation and sectoral productivity. The qualitative approach prioritised obtaining detailed information from a few respondents rather than having a large number of respondents. Given the limited time, this allowed the researchers to focus extensively on specific areas that are important to the study.

Dates of the Interviews

Nine (9) semi-structured interviews were conducted from March 12, 2025, to March 25, 2025. Each interview lasted approximately 65 minutes and was recorded after obtaining the consent of the participants. Interview responses were transcribed and analysed thematically to identify cross-cutting insights and sector-specific recommendations. The protect the identity of the respondents, the research team assigned codes to each respondent. The Table below shows information about the interviews.

Table 10: List of Interviewees

S/N	Sector	Code	Date of Interview
1	Agriculture (Multinational Investment)	Code A	2025, March 12
2	Agriculture (Commodity Exchange)	Code B	2025, March 12
3	Development Partners	Code C	2025, March 14
4	Services (Financial Institution)	Code D	2025, March 19
5	Government Agency	Code E	2025, March 19
6	Manufacturing (Construction & Engineering Consultancy)	Code F	2025, March 21
7	Education and Training Institute	Code G	2025, March 21
8	Manufacturing (FMCG)	Code H	2025, March 24
9	Services (Infrastructure services)	Code I	2025, March 25

On the quantitative aspect, the study adopted a simulation exercise to estimate the number of jobs required from 2025 to 2030 and the sectors that will drive this. This approach integrated current employment figures, labour force projections and assumptions on job transitions between the informal and formal sectors.

In estimating the number of jobs required, the following assumptions were crucial:

- 2% increase in the working age population in Nigeria (15 years +).
- Constant labour force as a share of the working age population at 80% from now till 2030.
- Constant unemployment rate of 4.3%, which is the unemployment rate for 2024 Q2.
- A desired share of informal employment and sectoral employment shares of key sectors in the economy by 2030.

From these assumptions, the research team was able to estimate the number of formal jobs required from 2025 - 2030 and the contribution of sectors in the creation of these jobs.

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ABOUT THE NESG

The NESG is an independent, non-partisan, non-sectarian organisation, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought so as to explore, discover and support initiatives directed at improving NIgeria's economic policies, institutions, and management.

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