Evidence Brief
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Youth Unemployment in Nigeria: The Challenge, The Options

Background

Nigeria is undergoing a significant demographic transition, with over 60% of its population under the age of 25. This presents both a profound opportunity for economic transformation and a critical policy challenge. While a large youth population has the potential to drive innovation, productivity, and growth, this dividend can only be realised if young people are meaningfully integrated into the labour market.

However, the evidence shows that Nigeria's labour market has not expanded at a pace sufficient to absorb this growing workforce. Youth unemployment, underemployment, and widespread informality persist, undermining economic inclusion, social stability, and long-term development prospects. Importantly, the challenge extends beyond unemployment alone. A large proportion of young Nigerians are employed in low-quality, insecure, and poorly remunerated work, reflecting a deeper structural imbalance within the economy.

Against this backdrop, this study was designed to move beyond descriptive labour statistics and examine the structural, institutional, and political economy drivers of youth employment outcomes in Nigeria. The study aims to provide evidence-based and system-level policy recommendations that align labour demand, institutional capacity, and inclusive access to opportunity.

Methodological approach

The study adopted a multi-method research design, combining three complementary approaches:

- A desk review of national youth employment policies and programmes,
- Secondary quantitative analysis of labour market data from the National Bureau of Statistics (2014–2023), and
- Primary qualitative data collection through Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs).

While the study is national in analytical scope, it incorporates subnational fieldwork in Abuja (FCT), Kaduna State, and Oyo State as illustrative case contexts. These locations were purposively selected to reflect variation in economic structure, governance context, and labour market dynamics. In addition, interviews with federal-level policymakers ensured that national policy processes and implementation realities were adequately captured.

This triangulated approach enabled the study to link policy intent, labour market outcomes, and lived experiences, providing both breadth and depth of analysis.



> In Nigeria, **60%** of its population is under the age of **25**.

Key findings

A. Structural Labour Market Imbalance

The study finds that Nigeria's youth employment challenge is fundamentally rooted in a structural imbalance between labour supply and labour demand. The rapid expansion of the youth population, combined with limited industrial growth and weak private sector absorption, has created a labour market characterised by intense competition for a narrow pool of formal opportunities.

This imbalance exerts downward pressure on wages, weakens bargaining power, and compels many young people to accept precarious or misaligned employment. The problem is not simply that young people lack skills; rather, the economy lacks sufficient labour-absorbing sectors capable of generating quality jobs at scale.

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B. Dominance of Informality and Precarious Work

A defining feature of Nigeria's youth labour market is the overwhelming dominance of informal employment. Quantitative evidence shows that approximately 96% of employed youth are in informal work, with more than half engaged in own-account activities.

While informality provides a buffer against open unemployment, it is associated with:

- Income instability,
- Limited access to credit and capital,
- Absence of social protection, and
- Restricted opportunities for upward mobility.

Qualitative findings reinforce this reality, with many young people describing employment as "survival-driven" rather than opportunity-driven. Even within formal employment, wage inadequacy and rising living costs undermine financial stability.

C. Education–Labour Market Disconnect

The study identifies a persistent disconnect between education systems and labour market needs. While educational attainment has increased, employers report gaps in practical, digital, and soft skills. At the same time, structural constraints limit the availability of jobs aligned with qualifications.

This results in widespread occupational mismatch, with many graduates working outside their fields of study. Importantly, the findings suggest that this disconnect is not solely a supply-side issue; it reflects both skills gaps and limited demand for high-skill labour.

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D. Barriers to Labour Market Entry

Entry into the labour market remains highly constrained. A significant proportion of unemployed youth are first-time job seekers, particularly among younger cohorts and women. Prolonged job search periods often lead to discouragement, delayed career progression, and eventual entry into informal or low-productivity activities.

Access to employment is further shaped by social networks and political connections, with many respondents perceiving that merit alone is insufficient to secure desirable roles. This perception undermines trust in institutional fairness and reinforces inequality.

E. Governance, Policy Fragmentation, and Implementation Gaps

Nigeria has implemented numerous youth employment programmes; however, their cumulative impact has been limited by:

- Fragmentation across ministries and agencies,
- Weak coordination mechanisms,
- Funding instability, and
- Inadequate monitoring systems.

A key finding is the persistent gap between policy design and implementation. Policies are often well-articulated at the national level but fail to translate into tangible outcomes at the community level. In many cases, programmes are perceived as short-term, politically driven initiatives rather than components of a coherent long-term strategy.

F. Digital Transformation: Opportunity and Inequality

The expansion of digital technologies has created new employment pathways, including freelancing, remote work, and digital entrepreneurship. Many youths are actively leveraging these opportunities, particularly in urban areas.

However, access to the digital economy is uneven. Constraints such as:

- Limited access to devices,
- Poor internet connectivity, and
- Unreliable electricity

Negatively affect large segments of the youth population. As a result, digital transformation risks creating new forms of inequality, even as it expands opportunity.

G. Regulatory and Private Sector Constraints

Private sector employers highlight several constraints affecting job creation, including:

- High and disproportionate regulatory costs,
- Duplicative compliance requirements, and
- Infrastructure deficits.

These factors increase the cost of doing business and discourage workforce expansion. In some cases, firms prioritise regulatory compliance over hiring, directly limiting employment generation.

H. Lived Experiences: Precarity, Adaptation, and Resilience

Youth narratives reveal that employment is experienced not merely as an economic condition, but as a social and psychological reality. Many young people navigate:

- Income volatility,
- Multiple job-holding,
- Delayed life transitions, and
- Emotional stress linked to job insecurity.

Despite these challenges, youth demonstrate significant agency and adaptability, engaging in entrepreneurship, digital work, and peer learning. However, this resilience often compensates for systemic gaps rather than replacing the need for structural reform.

I. Political Economy Dynamics

The study highlights several cross-cutting political economy dynamics:

- **Rhetoric–reality gap:** Youth employment is prominent in political discourse but uneven in delivery.
- **Employment as a political resource:** Access to jobs is sometimes mediated through networks and influence.
- **Normalisation of precarity:** Instability is increasingly accepted as the default condition.
- **Youth agency beyond the state:** Young people are creating opportunities outside formal systems.

These dynamics underscore that youth employment is not only an economic issue but also a governance challenge shaped by institutional incentives and power relations.



A significant proportion of unemployed youth are first-time job seekers, particularly among younger cohorts and women.

Policy implications



The findings point to the need for system-level reform, rather than incremental or fragmented interventions. The key strategic priorities are summarised as below.

Strengthening Labour Demand

- Promote industrialisation and sectoral diversification,
- Support high-growth sectors, including digital and creative industries,
- Improve infrastructure, particularly energy and connectivity.

Enhancing Policy Coherence and Institutional Coordination

- Develop a long-term, legislated national youth employment strategy,
- Establish coordination mechanisms across ministries and agencies,
- Strengthen monitoring and evaluation systems.

Improving Job Quality and Worker Protection

- Expand social protection coverage,
- Introduce frameworks for gig and platform workers,
- Promote fair wages and decent working conditions.

Reducing Regulatory Burdens on Businesses

- Introduce proportional fee structures linked to firm size and employment capacity,
- Eliminate duplicative compliance requirements,
- Digitise regulatory processes.

Aligning Education with Labour Market Needs

- Strengthen Technical and Vocational Education and Training (TVET),
- Promote industry–education partnerships,
- Expand digital and soft skills training.

Addressing Inequality and Inclusion

- Implement gender-responsive employment programmes,
- Expand access to finance for youth-led enterprises,
- Address regional disparities and digital exclusion.

Conclusion

The findings of this study demonstrate that Nigeria's youth employment challenge is not driven by a lack of effort or aspiration among young people. Rather, it reflects a system in which labour supply outpaces demand, policy ambition outpaces implementation, and opportunity is unevenly distributed.

Addressing this challenge requires more than short-term programmes. It demands a coherent, long-term, and legislatively anchored youth employment strategy, supported by political will, fiscal commitment, institutional reform, and inclusive economic transformation.

Youth employment is ultimately a governance challenge embedded within economic development. With coordinated and sustained action, Nigeria can reposition youth employment from a persistent crisis to a foundation for inclusive growth and national stability.

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