

Employment and Labour Market Analysis (ELMA) in Nigeria (2025)

Final Report

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List of Abbreviations

ALMM	Active Labour Market Measure
AfCFTA	African Continental Free Trade Area
APC	All Progressives Congress
CBET	Competency-Based Education and Training
CNG	Compressed Natural Gas
ECOWAS	Economic Community of West African States
ELMA	Employment and Labour Market Analysis
ETP	Energy Transition Plan
EV	Electric Vehicle
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FMCDE	Federal Ministry of Communications and Digital Economy
FME	Federal Ministry of Education
FMFBNP	Federal Ministry of Finance, Budget & National Planning
FMITI	Federal Ministry of Industry, Trade and Investment
FMLE	Federal Ministry of Labour and Employment
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
ICT	Information and Communication Technology
ICLS	International Conference of Labour Statisticians
IDPs	Internally Displaced Persons
IFC	International Finance Corporation
ILO	International Labour Organization
IPs	Industrial Parks
ITC	International Trade Centre
ITF	Industrial Training Fund
JT	Just Transition
LFS	Labour Force Survey
LFZ	Lagos Free Zone
LMIS	Labour Market Information System
LSETF	Lagos State Employment Trust Fund
LULUCF	Land Use, Land Use Change and Forestry
MSMEs	Micro, Small and Medium Enterprises
MW	Megawatts
NA 2050	Nigeria Agenda 2050
NBS	National Bureau of Statistics
NBTE	National Board for Technical Education
NCCC	National Council on Climate Change
NDCs	Nationally Determined Contributions

NDP	National Development Plan
NEET	Neither in Employment, Education, or Training
NELEX	National Electronic Labour Exchange
NEP	National Employment Policy
NEXIM	Nigeria Export-Import Bank
NIPC	Nigerian Investment Promotion Commission
NITDA	National Information Technology Development Agency
NSQF	Nigerian Skills and Qualification Framework
NYSC	National Youth Service Corps
PDP	People's Democratic Party
SAPZ	Special Agro-Industrial Processing Zone
SEZ	Special Economic Zone
TVET	Technical and Vocational Education and Training
UNHCR	United Nations High Commissioner for Refugees

Executive Summary

FRAMEWORK CONDITIONS

Geography and Resource Endowment

Nigeria spans roughly 923,768 km² along the Gulf of Guinea, linking transatlantic trade routes and serving as **West Africa's largest economy by Gross Domestic Product** (GDP). Its terrain ranges from southern mangroves and rainforests through savannahs to the semiarid Sahel in the north.

Nigeria's regions play distinct economic roles. The **Northern Region** remains agrarian – producing millet and sorghum – though vulnerable to droughts. The **Southern Region** leverage its ports and include Lagos which generates over 25 % of GDP through trade, finance and technology. The **Middle Belt** balances agriculture with mining (notably tin and columbite), facilitating interregional commerce. The **Niger Delta**, home to some of Africa's largest oil reserves, contributes substantially to export earnings but faces environmental degradation and community tensions.

Nigeria also holds significant **solid mineral deposits** – bitumen, coal, iron ore and precious metals – offering diversification potential, but **agriculture remains central**: of the 70 million hectares of arable land, only 40 % is cultivated. Major commodities include cassava, yams, cocoa and palm oil. Livestock pastureland is underutilised due to infrastructure gaps and regional insecurity. Bioenergy prospects are similarly vast: annual crop residues (83 million tonnes) and animal waste (61 million tonnes) could underpin largescale biofuel production.

Maritime access via Gulf of Guinea ports (Lagos, Port Harcourt) and **multiple international airports** strengthen global connectivity. However, **fragmented value chains** and **poor rural road quality** raise logistics costs and limit market integration. **Energy infrastructure struggles**: although installed capacity is 13,500 megawatts (MW), only a third is delivered, meeting roughly 60 % of grid connected demand (urban: 89 %, rural: 27 %), with the remainder supplied by diesel generators.

Governance, Political, and Institutional Environment

Nigeria operates a **federal presidential system**: 36 states and the Federal Capital Territory (FCT) are overseen by elected governors and assemblies, while 774 Local Government Areas manage grassroots governance. The President, elected for up to two 4-year terms, chairs the Federal Executive Council and serves as Commander-in-Chief. Key ministries include the Federal Ministry of Labour and Employment, the Federal Ministry of Industry, Trade and Investment, the Federal Ministry of Finance, Budget & National Planning, and the Federal Ministry of Education.

Legislative power rests with a bicameral National Assembly: a 109-member Senate (3 per state plus FCT) and a 360-member House of Representatives. The **judiciary**, merging Common, Customary and Sharia law, is led by the Supreme Court with appellate and federal high courts beneath it.

Since democratisation in 1999, Nigeria has maintained civilian rule through peaceful transfers of power and regular elections. The 2023 election brought President Bola Ahmed Tinubu to office. Yet persistent **security challenges** – Boko Haram insurgency, banditry in the northwest and separatist agitation in the southeast – strain resources and undermine stability.

Institutional effectiveness is constrained by corruption (rank 140/180 in Corruption Perception Index 2024) and insecurity. Nigeria's tax-to-GDP ratio (6 %) lags peers like Ghana (18 %) or South Africa

(29 %), limiting public revenue. In the World Bank's 2023 Governance Indicators, Nigeria's Government Effectiveness percentile was 20.28 %, reflecting weak service delivery.

Key **national policies that target labour markets** and economic transformation include:

- **Nigeria Agenda 2050**: Aiming for 7 % annual GDP growth and 6.3 % unemployment by 2050 through private investment and structural reforms.
- **National Development Plan 2021–2025**: Targets 5 % yearly growth, 21 million jobs, and 15 % revenue-to-GDP; however, growth reached only 3.27 % and revenue ratio 9.14 %, hampered by stalled infrastructure and weak partnerships.
- **National Policy on Skills Development**: Aligns vocational training with industry needs via partnerships (e.g. AfDB), emphasizing practical skills to reduce youth unemployment.
- **Revised National Employment Policy (NEP) 2025:** Aims to cut youth unemployment and create millions of jobs through coordinated public-private interventions, focusing on digital, green and creative sectors; full text not yet publicly available.
- **National Youth Employment Action Plan (NIYEAP) 2021–2024**: Has targeted reducing youth unemployment by aligning education and training with labour market needs, improving the business environment for youth enterprises, expanding finance access, formalising informal jobs and creating sector-specific pathways.

Macroeconomic Stability

Nigeria's economic stability remains volatile, heavily influenced by global oil prices. **Public debt** reached 56.23 % of GDP by mid-2024, surpassing national targets but within international benchmarks. **Inflation** peaked at 33.88 % in October 2024, significantly impacting living standards. The Naira depreciated by 41.4 % in 2024, reshaping Nigeria's economic position in Africa.

Nigeria's GDP growth averaged between 2-3 % annually, paralleling population growth and indicating stagnant real GDP per capita. In 2024, GDP growth recovered slightly to 3.40 %, driven mainly by the services sector (57.38 % of GDP) and the non-oil sector (94.49 % of GDP), highlighting gradual economic diversification away from oil dependency.

In 2024, Nigeria's **trade balance** improved significantly, reaching approximately USD 13.17 billion. Crude oil exports dominate, with France and Spain as primary export destinations. Imports primarily include mineral products from China, India and the USA.

Demographic Trends

Nigeria's **rapidly growing population** (228 million in 2023) is young, with a median age of 18.1. Urbanisation reached 53 %, increasing pressure on urban infrastructure and labour markets. Wide regional disparities in birth rates and education levels persist.

Migration

Internal **rural-to-urban migration** remains significant, driven by employment and education opportunities. Megacities like Lagos, Abuja and Port Harcourt attract millions, increasing labour supply primarily in informal sectors.

Nigeria hosts around **1.3 million immigrants,** primarily from ECOWAS countries such as Benin, Ghana, Mali, Togo and Niger. Immigrants contribute notably to construction, commerce and manual labour sectors. Despite integration challenges, Nigeria remains a key destination due to its large market and economic opportunities, further supported by humanitarian policies allowing refugees and migrants to work legally and access social services.

Conversely, **emigration** ("Japa") intensified due to economic hardship, insecurity and limited job opportunities, especially among educated youth. By 2020, approximately 1.67 million Nigerians had emigrated, mostly to the United Kingdom, USA and Canada, triggering a significant "brain drain" particularly affecting healthcare and academia. This professional emigration has led to economic losses exceeding USD 2 billion since 2010 and exacerbates shortages in critical sectors like healthcare and education. **Remittances** from the diaspora reached USD 20.5 billion in 2023, significantly supporting household incomes, education funding and local economic development.

Conflict and environmental disasters significantly increased **internal displacement**, placing Nigeria among the top ten globally for Internally Displaced Persons (IDPs). In 2023 alone, conflict displaced 291,000 people, nearly double the previous year. Additionally, severe flooding and the 2024 Alau Dam collapse in Borno displaced over 419,000 individuals, submerging large parts of Maiduguri and devastating agricultural lands. Around 40 % of IDPs reside in temporary camps, while 60 % live in host communities, highlighting the necessity for sustainable employment solutions to facilitate long-term integration and self-reliance.

Just Transition Implications

Nigeria, among the **higher greenhouse gas** emitters in Sub-Saharan Africa, faces severe climate vulnerabilities such as desertification, flooding, drought and urban pollution. The nation is implementing Just Transition policies, such as the Climate Change Act (2021) and the Long Term Low Emissions Development Strategy, emphasising job creation in renewable energy, sustainable agriculture, forestry management and climate-resilient infrastructure. Potential exists for substantial job creation – up to 12 million new jobs – through targeted training and reskilling initiatives, though current policies lack adequate labour-based incentives. Concerns remain about potential employment losses in fossil-fuel-dependent sectors, underscoring the need for transition measures. Labour unions advocate for more inclusive frameworks to ensure that vulnerable groups, including youth and women, actively participate and benefit from a Green Transition.

Labour Demand

Key Actors and Supporting Policies

Stakeholders for Nigeria's labour demand include a range of public institutions and private-sector associations. The **Federal Ministry of Finance, Budget & National Planning** coordinates fiscal policy and resource distribution for job creation, while the **Federal Ministry of Industry, Trade and Investment** supports industrialisation, export diversification and Micro, Small and Medium Enterprises (MSME) promotion. The **Nigerian Investment Promotion Commission** promotes domestic

and foreign investment, offering incentives and streamlined processes. **Sectoral associations** such as the Manufacturers Association of Nigeria and the Nigeria Employers' Consultative Association engage in capacity building and advocacy. The **Small and Medium Enterprises Development Agency of Nigeria** provides training, advisory services and access to finance for MSMEs. These efforts align with the Nigeria Agenda 2050, which outlines a plan to reduce unemployment to 6.3 % by fostering private-sector-led growth, especially in manufacturing, agriculture and digital sectors.

Key Sectors and Economic Structure

Nigeria's private sector spans diverse enterprises – from nano or micro and small family-run businesses to large domestic conglomerates and multinationals. Approximately **96 % of all businesses are MSME**s, employing around 84 % of the private-sector labour force and contributing nearly half of GDP. These small-scale operations often focus on agriculture, manufacturing, retail and services, underscoring their capacity to absorb labour.

Large corporations, though fewer in number, are pivotal to economic transformation: they generate over **80 % of annual investments** and stimulate infrastructure development. Key industries for large-scale operations include oil and gas, telecommunications, construction, consumer goods and banking, with major companies like MTN Nigeria, Dangote Cement, and Airtel Nigeria dominating investment, technology adoption and employment in their respective fields. The **public sector** employs around 720,000 people at the federal level, though fiscal constraints at state and local levels often hamper government-driven job creation.

Nigeria's economic structure has slightly **shifted in recent years**. **Services**, while still accounting for the largest share of GDP at 51 % in 2024, has declined marginally from 52 % in 2018. **Industry** has expanded from 23 % to 25 %, reflecting a rise in mining and construction, while **Agriculture** contributes 24 %. The **labour market distribution** follows a different pattern: Agriculture employs around 43 % of workers, Services 45 % and Industry 12 %. More than **80 % of the labour force remains in the informal sector** – encompassing small-scale retail, subsistence farming and personal services – making accurate measurement and formalisation an ongoing challenge.

Between 2018 and 2023, **Nigeria's GDP** grew at an average annual rate of approximately 2.94 %, with similar growth in per capita GDP. However, employment creation lagged behind significantly, expanding at only about 1.62 % annually. This indicates a key challenge for Nigeria: despite economic growth, the economy is **not generating enough employment opportunities** to fully absorb the increasing labour force, highlighting the crucial need to address employment creation through targeted policies. Factors contributing to this gap include greater reliance on capital-intensive industries, technological advances, and productivity improvements that enable economic growth without proportional increases in employment.

Constraints on Labour Demand

Nigeria must create over **40 million additional jobs** by 2030 to keep pace with population growth. Yet job creation is impeded by **constraints at multiple levels**. Institutional and **regulatory barriers** are chief among them, ranging from cumbersome licensing procedures and overlapping taxes to unpredictable policy changes.

Infrastructure deficits – especially in electricity and transport – create high operating costs. Chronic power outages compel firms to rely on costly generators, diminishing competitiveness. Poor road

networks, congested ports and inadequate rail hamper distribution and trade, increasing post-harvest losses in agriculture and stalling manufacturing output.

Securing **access to finance** is another challenge, with MSMEs receiving under 1 % of bank lending. This financing gap, estimated at NGN 65.4 trillion, constrains the growth potential of smaller enterprises that are otherwise well-positioned to absorb labour. **Entrepreneurial capacity** remains limited: many MSMEs lack formal structures, training, and managerial know-how to attract investors, adopt new technologies and integrate into higher-value supply chains.

Opportunities for Employment Creation

Several strategic levers can expand Nigeria's capacity to create jobs. **Entrepreneurship and start-up support** have gained traction through incubators, accelerators and policy initiatives, such as the Nigeria Start-up Act (2022), which simplifies business registration and offers tax incentives. Lagos's tech ecosystem demonstrates the potential of this approach: numerous fin-tech and e-commerce start-ups have attracted over a billion dollars in funding, generating opportunities in software development, fin-tech and digital marketing.

The potential of **industrial parks and special economic zones** (SEZs) is reflected by the 42 free zones and hundreds of licensed enterprises. SEZs offer tax incentives and streamlined customs procedures to catalyse investment. The Lagos Free Zone, integrated with the Lekki Deep Sea Port, has drawn billions in private capital and aims to **generate 40,000 jobs by 2035**. Beyond large-scale manufacturing, specialised zones such as Special Agro-Industrial Processing Zones are boosting agricultural value-chain development and agro-processing ventures.

Export promotion can spur Nigeria's labour demand. Although crude oil exports still dominate foreign earnings, **non-oil exports have grown steadily**, particularly in cocoa, sesame and cashew. Government agencies like the Nigeria Export Promotion Council and NEXIM Bank work with MSMEs to enhance product quality, certification and market linkages – both regionally under the African Continental Free Trade Area and internationally. The private sector benefits from these frameworks but consistent implementation and simplified processes remain critical for full impact.

Finally, **foreign direct investment** can stimulate significant job growth if Nigeria ensures a stable macroeconomic environment and robust infrastructure. Major announcements – including a USD 1 billion expansion by Coca-Cola and a USD 10 billion offshore project by ExxonMobil – highlight the appeal of Nigeria's market size, yet sustaining inflows requires addressing the constraints of power reliability, exchange-rate stability and policy coherence.

Sector Analysis

The sectoral analysis identifies six priority sectors with strong potential to generate employment, aligned with national development strategies and Just Transition objectives: **Agriculture and Agro-Processing, ICT, Manufacturing, Green Construction, Energy & Renewable Energy** and **Creative Industries**. Across sectors, the job-creation potential depends on removing structural constraints – especially infrastructure deficits, financing barriers and skills gaps – while leveraging domestic demand, export opportunities and technological innovation. Coordinated public-private investment and targeted skills development programmes will be crucial to address key constraints.

Agriculture and Agro-Processing remains the largest employer and a cornerstone of inclusive growth, with opportunities in mechanisation, smart irrigation and expansion of agro-processing value chains. High global demand for cocoa, sesame and cashew, alongside large investments in

Special Agro-Industrial Processing Zones and agri-tech start-ups, could accelerate formal job creation. Skills needs include machinery operation, digital agriculture, export-standard compliance and agribusiness management.

ICT has created over 2.5 million jobs in the past decade and contributes around 20 % of GDP. Growth is driven by telecommunications, software development, digital services and emerging technologies such as AI and blockchain. Constraints – like limited broadband coverage, high internet costs and a shortage of market-ready digital skills – persist but growing international demand for Nigerian digital services and rising start-up investment provide further growth potential. Employment impacts might be limited, but demand will increase for software engineers, cybersecurity specialists, UI/UX designers and digital marketing specialists.

Manufacturing contributes about 9 % of GDP but suffers from high energy costs, financing barriers and policy uncertainty. Sub-sectoral strengths lie in food and beverages, textiles and footwear, cement, pharmaceuticals and basic metals. Export growth, import substitution and technology-driven production could expand jobs, particularly in pharmaceuticals, textiles and footwear. Skills gaps in vocational trades, quality assurance and R&D remain critical to address.

Green Construction is expanding rapidly due to urbanisation and sustainability commitments, with the domestic market expected to reach USD 1.9 billion by 2025. Opportunities exist in sustainable building materials, energy-efficient systems and waste management solutions, with potential to create 60,000–240,000 jobs by 2030. Barriers include high initial costs, low local sourcing of green materials and a shortage of specialised skills in renewable technologies and sustainable design.

Creative Industries – including Nollywood, music, fashion, digital media and gaming – are fast-growing export earners and already employ over 4.2 million people, with an additional 2.7 million jobs expected by 2025. Global demand, digital monetisation and international collaborations are strong growth drivers. However, skills mismatches, weak intellectual property enforcement and infrastructure gaps constrain the sector. Flagship initiatives like the Creative Economy Growth Plan and i-DICE programme aim to scale entrepreneurship, skills training and market access.

Just Transition Implications for Labour Demand

Nigeria's commitment to net-zero emissions by 2060. Several policies and government strategies lay out a framework for Nigeria's Just Transition (JT) to a Green Economy, including the Energy Transition Plan (ETP), launched in 2022 which estimates that green sectors could generate up to **340,000 jobs by 2030** and over **2 million by 2050**. Key sectors in this transition include renewable energy, climate-smart agriculture, forestry and sustainable transport, each offering diverse employment opportunities if backed by coherent policies and skill development programmes.

In renewable energy, mini-grid and solar projects targeting off-grid communities promise thousands of jobs in installation, maintenance and distribution. In agriculture, adopting drought-resistant seeds, efficient irrigation and regenerative farming practices can spur productivity and climate resilience, changing the tasks and roles for agronomists, extension workers and processing technicians. Agroforestry initiatives, partly linked to the Great Green Wall project, create positions in nurseries, reforestation, and long-term forest management. Meanwhile, improved waste management and circular economy models – such as recycling, composting and waste-to-energy projects – are already generating positions in logistics, plant operations and product design.

These gains depend on overcoming similar constraints observed elsewhere: capital-intensive technologies, infrastructure shortfalls and capacity gaps in government agencies hamper implementation. **Skills mismatches** are acute, as specialised green roles – solar technicians, electric vehicle maintenance specialists, waste-processing engineers – require targeted training programmes. Nevertheless, by integrating climate objectives with industrial and labour policies, the JT can align economic diversification with inclusive, environmentally sustainable job growth.

Labour Supply

Key Actors and Supporting Policies

Apart from the main key stakeholders described above, more specific **stakeholders** of the skills development landscape in particular comprise specialised government institutions like the National Board for Technical Education (responsible for technical/vocational institutions) or the National Business and Technical Examinations Board (craft-level examinations). The National Directorate of Employment focuses on skills development programmes, while the Industrial Training Fund promotes practical skills acquisition. **Key policies** for the labour supply landscape include the above-mentioned National Policy on Skills Development, National Employment Policy and National Youth Employment Action Plan.

Education

Nigeria's **6-3-3-4 system** comprises six years of primary education, three of junior secondary, three of senior secondary and four of tertiary. Primary schooling is officially free and compulsory, but implementation varies greatly by region. Despite policy commitments, Nigeria hosts the world's **largest population of out-of-school children** (around 10.5 million aged 5-14).

While 61 % of children aged 6-11 regularly attend primary school, challenges are acute in the North, where cultural factors, early marriage, poverty and conflict disproportionately affect access – particularly for girls. **Gender gaps** remain wide: in some northern states, female attendance can be as low as 47 %. At secondary level, gross enrolment is about 60 %, with only 14 % of the labour force (around 12.3 million people) having completed post-secondary education by 2023.

Adult literacy increased from 62 % (2018) to approximately 69 % (2022), but large regional and gender disparities persist. Chronic underinvestment – Nigeria's 2024 federal budget allocates 6.4 % to education (well below UNESCO's recommended 15-20 %) – constrains improvements in the quality of teachers, infrastructure and learning materials.

TVET is undervalued and under-enrolled. Only 169 technical colleges exist, serving just over 43,000 students compared to millions in general secondary schools. Societal perceptions undervalue TVET, which is often seen as less prestigious than academic pathways, resulting in shortages of skilled tradespeople such as electricians, plumbers and machinists.

At **higher education** level, Nigeria has 275 universities, yet the demand vastly outpaces supply; annually, roughly two million candidates apply, but only between 500,000 and 700,000 secure admission. Employers frequently highlight that university graduates lack practical competencies, necessitating additional training for workplace readiness. Moreover, significant gender disparities persist, particularly in Science, Technology, Engineering and Mathematics (STEM) fields, driven by socio-cultural norms and economic barriers. Chronic underfunding and infrastructure deficits further compromise educational quality.

Labour Force Characteristics

Nigeria's **labour force** is large (about 88 million participants) and predominantly young but marked by high informality. Labour force participation is around 80 %, with rural areas slightly higher (83.2 %) than urban (77 %). Women's participation (79.5 %) is close to men's (79.1 %), though underemployment and informality are more pronounced among women.

Using the new 19th ICLS framework, Nigeria's official **unemployment rate** stood at approximately 5 % in 2023, improving slightly to 4.3 % by the second quarter of 2024. **Youth unemployment** (ages 15-24) remains notably higher, fluctuating between 6.5 % and 8.6 % from 2022 to mid-2024, with a NEET (neither in employment, education, nor training) rate of 12.5 % in Q2 2024, underscoring persistent difficulties for youth entering the labour market. Meanwhile, **underemployment** affects around 9.2 % of workers –working fewer than 40 hours weekly but available to work more – with higher rates among women (11.2 %) compared to men (7.1 %). The vast majority of the labour force (92-93 %) engages in **informal employment**, a figure rising to 96 % among women and up to 99 % among youth, typically involving issues with job security, social protection and income stability. Consequently, nearly 60 % of employed individuals experience **working poverty**, earning insufficient incomes despite employment, highlighting the prevalence of low-quality jobs.

Skills Gap

A critical constraint is the significant skills gap, characterised by a **mismatch** between the skills possessed by jobseekers and those demanded by employers. Despite increasing demand for specialised skills, sectors like manufacturing, ICT, construction and healthcare continually face shortages of skilled technicians, machinists, electricians, software developers, nurses and other mid-level professionals. This **shortage** persists alongside the paradox of high graduate unemployment, where many university-educated youth remain jobless or underemployed. Graduates frequently lack essential competencies, including problem-solving abilities, ICT proficiency, soft skills, and hands-on experience due to curricula that prioritise theoretical knowledge over practical, market-relevant skills, forcing employers to invest in additional training.

The decline and low societal perception of TVET exacerbates these issues, creating persistent shortages in skilled trades. Consequently, many employers resort to importing skilled workers or face operational delays and increased costs due to skill shortages.

Enabling Factors for Skills Development

Nigeria has initiated several initiatives and programmes for skills development, aligning educational frameworks with industry demands and emerging technologies. The **National Skills Qualifications Framework** has been introduced to standardise skills certification, promote lifelong learning and enable recognition of practical competencies across sectors based on a Competency-Based Education and Training (CBET) system to ensure education outcomes closely match employer expectations. Significant investments have also been made in targeted **Digital Skills Initiatives**, such as the Digital Skills Nigeria and the NITDA Digital States programme, which provide training in digital literacy, coding, software development and entrepreneurship skills with a focus on equipping the youth with skills required in the expanding digital economy sectors.

Moreover, strategic **public-private partnerships** are promoted, exemplified by initiatives like EdoJob. EdoJobs is a public-sector initiative by the Edo State government to link job seekers with

employers, offering services like job listings, career guidance and skills development courses to ensure that skills are aligned with the needs of employers.

New Job Profiles

As Nigeria continues diversifying its economy away from oil toward a green, digitally driven and knowledge-based model, **anticipating shifts in occupational demands** and identifying new job profiles has become increasingly important. **Potential future occupations** identified include agriculture specialists, climate adaptation consultants, renewable energy technicians in agriculture; software developers, Artificial Intelligence (AI) and cybersecurity specialists, and data scientists in Information and Communication Technology (ICT); industrial automation specialists and robotics engineers in manufacturing; sustainable building specialists and smart city planners in construction; tele-health specialists and biomedical technicians in healthcare; fin-tech and digital marketing specialists in financial services; and ecotourism and sustainable tourism specialists in hospitality.

Additionally, the increasing adoption of **AI** is recognized by Nigeria's government as a critical driver of economic transformation, with potential applications ranging from fin-tech innovations to modernising public services. Although comprehensive research on AI-induced job displacement is limited, there is consensus that routine-based, low-skilled roles are most vulnerable. To manage potential disruptions, experts advocate detailed sector-specific analyses, targeted education reforms integrating digital skills and strengthened public-private partnerships.

Just Transition

Nigeria's transition to a green economy demands targeted efforts to prepare the labour force for new competency requirements through **vocational and up- and re-skilling programmes** for emerging opportunities in fields like renewable energy, climate-smart agriculture and sustainable transport. The labour force in potentially declining sectors such as oil and gas can pivot to biofuel, geothermal or hydrogen systems, while natural gas remains a transitional option. Meeting renewable targets of 30,000 MW by 2030 will require **solar and wind power** specialists, along with **construction** workers trained in energy-efficient materials and retrofitting. In **agriculture**, techniques such as drought-resistant cropping and solar-powered irrigation expand both productivity and resilience, while reforestation programmes create jobs in nursery management and ecosystem monitoring. A more sustainable **transportation** system with EVs, charging stations and compressed natural gas upgrades will spur the demand for specialised mechanics and infrastructure planners. **Waste management and recycling** also offer growing opportunities, from waste sorting to biogas production.

Matching Labour Demand and Supply

Institutional and Policy Framework

Apart from the main stakeholders described above, **key actors** include the Federal Ministry of Youth Development promoting youth entrepreneurship and the Federal Ministry of Women Affairs focusing on programmes for women's economic empowerment. However, two persistent institutional challenges undermine effectiveness: poor coordination among ministries and government institutions, leading to fragmented efforts and duplication; and weak implementation capacity coupled with underfunded programmes, outdated technology and low institutional reach.

Despite a **national minimum wage** of NGN 70,000 per month (around USD 45-50 as of 2024), enforcement remains uneven, particularly within the informal economy.

Labour Market Information System

Nigeria has developed a national **Labour Market Information System (LMIS)** providing information on labour market trends to support policy makers, job seekers and employers. Yet, the LMIS struggles with **fragmented data collection processes**, inconsistent quality and minimal private-sector participation. **Regional initiatives**, such as the Lagos State LMIS, offer targeted local insights into sectoral employment demands and skills shortages, while **sector-specific LMIS platforms**, like the Construction LMIS, further enhance the specificity of labour market data within key industries.

Matching Mechanism

Matching labour demand and supply remains an ongoing challenge. With approximately 53 % of Nigerian youths aged 15-34 unemployed or underemployed in 2023, competition for available positions is fierce, extending job search durations and leading to widespread discouragement among job seekers. A significant mismatch exists between educational qualifications and industry needs, particularly noticeable in sectors such as ICT, healthcare, manufacturing, construction and logistics and have led to chronic **unfilled vacancies**, hampering productivity and sectoral growth.

Job seekers predominantly rely on **informal networks** – family, friends and community connections – to find employment. While this approach leverages trust and social capital, it frequently reinforces nepotism, limiting equitable access to opportunities. The prominence of informal employment further underscores the lack of transparency and efficiency in the matching process. A strong **"hustle culture"** prevails, particularly in urban areas, with individuals frequently embarking on informal entrepreneurship or participating in the rapidly growing gig economy.

Public employment services, notably job centres in certain states as well as Nigeria's National Electronic Labour Exchange (NELEX) platform aim to facilitate formal job matching. NELEX operates through an online portal and physical job centres in major cities, providing career guidance and vacancy information services. Yet, it faces **structural and operational challenges**, including inadequate governance, insufficiently trained personnel, overlaps with Migrant Resource Centres and limited outreach to the informal sector. **At sub-national levels**, institutions such as Lagos's Employment Trust Fund and Edo State's EdoJobs offer localised job matching, training and entrepreneurial support.

Private recruitment agencies and **online job portals**, such as Jobberman, HotNigerianJobs, and MyJobMag, have increasingly supplemented public services, particularly among educated urban job seekers. Platforms like Jobberman have reported placements of 130,000 job seekers since 2020 and training 280,000 in soft skills. Social media platforms also facilitate informal job postings.

Apprenticeships and internships remain essential matching mechanisms. Informal apprenticeships provide vital skill acquisition in trades, often transitioning into self-employment. Government internship schemes, notably the National Youth Service Corps, annually deploy thousands of graduates nationwide, yet the employment outcomes remain limited. Large private companies' trainee programmes similarly create structured entry paths into formal careers.

Active labour market measures, such as the government-led N-Power initiative, support job training placements and internships, although their sustained employment impacts vary widely. Occasional

job fairs organised by government bodies also facilitate direct employer-job seeker connections but remain irregular.

Key challenges besides the overall skills mismatch include limited public data on vacancies, geographic mismatches, credential biases favouring university graduates against non-university-degree holders irrespective of actual job requirements and nepotism in hiring practices. Addressing these will require enhancing formal job-matching and career guidance services, integrating informal networks and expanding digital access to include underserved populations. Strengthening community-level initiatives and leveraging SMS-based vacancy notifications could improve the inclusivity and effectiveness of mechanisms.

Recommendations

The recommendations focus on strengthening Nigeria's economic framework, improving labour demand and supply and enhancing the matching of skills to jobs. To stabilise the macroeconomic environment, measures should include unifying the exchange rate, abolishing fuel subsidies and tightening monetary policy to control inflation. Tax administration should be modernised through digitisation, expansion of the tax base and formalisation of informal firms. Infrastructure gaps in transport, power, logistics and broadband require targeted investment, often through public–private partnerships. The transition to a green economy should be accelerated via green bonds, enforcement of environmental standards and incentives for renewable energy, energy efficiency, and climate-smart agriculture.

On the labour demand side, access to finance for MSMEs should be expanded through credit guarantees and new financial products. The Start-Up Act should be fully implemented, with incubators and accelerators supported beyond major cities and more seed and early-stage financing made available. Export capabilities need strengthening by simplifying procedures, training authorities and enabling MSMEs to meet international standards. Special Economic Zones should be modernised, ensuring labour and Environmental, Social and Governance (ESG) compliance, linking parks to local suppliers and improving management. Green job potential should be unlocked through investment in mini-grids recycling, and climate-resilient value chains.

For the labour supply, education financing should be increased, with targeted investment in schools and TVET, scholarships for girls and a stronger focus on foundational skills such as literacy, numeracy and ICT. Vocational training systems should be upgraded through dual training models, closer industry cooperation and updated curricula integrating digital skills. Green vocational programmes should be developed, alongside expanded continuing education and new technical qualifications. Women's empowerment should be promoted through flexible work arrangements, mentoring, career development and improved access to microcredit.

Finally, better matching of labour demand and supply requires expanded Active Labour Market Measures, such as job fairs and internships, and stronger labour market institutions, particularly employment centres. Public job platforms like NELEX should be modernised, with improved user experience, data quality and integration with regional centres. Geographic mobility should be supported through stipends, temporary housing and regional job fairs, complemented by digital pre-placement and counselling. Apprenticeships and internships should be scaled and standardised, with quality standards, firm incentives and wage subsidies to facilitate first jobs.

1 Introduction

1.1 Background ELMA and Methodology

The **Employment and Labour Market Analysis** (ELMA) is a methodological guideline and toolbox for a comprehensive analysis of the labour market and the employment situation in a country. Conceptually, it follows the Integrated Approach to Employment Promotion developed by the German development cooperation GIZ encompassing the three pillars

- Labour demand,
- Labour supply,
- Matching labour demand and supply; plus the
- Overarching framework conditions for employment.

The purpose of conducting an ELMA is to gain a better understanding of country specific challenges to employment generation, based on which suitable strategies and measures can be developed. It aims to identify the **most important constraints** as well as the **most promising opportunities** to increase productive and **decent employment** in a country. An ELMA should be the foundation for designing **evidence-based strategies, intervention measures** and **action plans** to address constraints and support opportunities in the labour market of a country.

The ELMA Nigeria has an additional focus on the concept of **Just Transition (JT)**. JT refers to a framework ensuring that the shift towards a sustainable, low-carbon economy is fair and inclusive, leaving no workers, communities, or sectors behind. It seeks to mitigate the social and economic impacts of environmental policies, particularly on industries and workers affected by decarbonisation, by promoting new job opportunities, reskilling programmes and social protection.

Methodology

This ELMA is based on comprehensive desk research of existing primary data sources from both national and international institutions. Additionally, expert and stakeholder consultations were conducted, including interviews with key stakeholders from the public sector, private sector, academia, and civil society. The research was carried out between November 2024 and April 2025 by a team comprising two national consultants and one international coordinator. Detailed references to data sources and consulted experts can be found in the annex.

2 Framework Conditions

2.1 Geography and Resource Endowment

Nigeria, located in West Africa along the Gulf of Guinea on the Atlantic Ocean, acts as a strategic gateway for continental and intercontinental trade routes linking America, Europe and Asia. As Africa's most populous country and the largest economy in West Africa by gross domestic product (GDP), Nigeria occupies approximately 923,768 square kilometres, featuring diverse ecological zones ranging from coastal mangroves and rainforests to savannahs and semi-arid Sahel regions in the north.[1]

Geographic Regions and Their Economic Roles

- **Northern Region:** The Northern region is predominantly agrarian. Staple crops such as millet and sorghum are cultivated which help to bolster national food security and employ large segments of the population. The high population density helps sustain local markets, although climate variability and droughts threaten agricultural productivity.
- **Southern Region and Lagos:** The Southern region is economically diverse and a key driver of Nigeria's economy. While agriculture remains important, particularly for crops like cassava, oil palm and yam, the region benefits from good infrastructure and coastal access, though rapid urbanisation present ongoing challenges. Lagos, located in the southwest, is Nigeria's commercial epicentre – contributing over 25 % to the national GDP. Its economic strength lies in its diverse range of economic sectors, including trade, financial services and technology. Coastal access and robust port facilities make Lagos a focal point for both imports and exports.
- **Middle Belt Region:** Often overlooked in national discourse, the Middle Belt balances agricultural production with significant mining activities, especially in tin and columbite. Geographically positioned between the northern and southern regions, it facilitates inter-regional trade and underpins Nigeria's broader economic integration.
- **Niger Delta Region:** The region is home to vast oil reserves, but faces socio-political and environmental challenges, including oil spills and community unrest, underscoring the need for responsible resource management and equitable distribution of oil wealth.[2]

Resource Endowment

- **Oil and Gas:** Nigeria's economy is heavily dependent on oil, which accounts for over 71 % of total export earnings and roughly 40 % of government revenue. Nigeria has proven oil reserves of approximately 37 billion barrels, ranking as the second largest in Africa and the 10th largest in the world. Nigeria is also estimated to hold 209 trillion standard cubic

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[1] WorldData.info. (n.d.). ECOWAS (West Africa) trade agreements. https://www.worlddata.info/trade-agreements/ecowas-west-africa.php

[2] Novatia Consulting. (2024). Geographic market analysis in Nigeria. https://novatiaconsulting.com/geographic-market-analysis-in-nigeria/; World Bank. (2024). Nigeria—Country overview. https://www.worldbank.org/en/country/nigeria/overview; Ola, T. P. (2020). Resource utilization and environmental sustainability in Nigeria. Acta Universitatis Danubius. Administratio, 11(2); The DHS Program. (1999). Nigeria DHS 1999—Chapter 1: Geography, history and economy (FR115). https://dhsprogram.com/pubs/pdf/FR115/01Chapter01.pdf

feet of proven natural gas reserves, making it the 8th largest gas reserve holder in the world and the largest in Africa[3] (see also chapter Labour Demand).

- **Solid Minerals:** Beyond hydrocarbons, Nigeria has sizable deposits of solid minerals, including bitumen, coal, tin, columbite, iron ore, gypsum, barite and talc. Many of these resources remain underexploited, suggesting opportunities for diversification away from an overreliance on oil revenues. The Middle Belt region hosts notable tin and columbite deposits, while other regions contain valuable reserves of coal, limestone and metals.
- **Agricultural Resources:** Agriculture occupies a central role in Nigeria's economy. About 70 million hectares of land are arable, although only an estimated 40 % are currently under cultivation. Nigeria's rich variety of climatic zones allows for diverse production – from the root crops of the south to the cereals and legumes of the north.[4] Major crops include cassava, yams, cereals, cocoa and palm oil, with Nigeria being recorded as the largest cassava producer globally. The country also contributes substantially to international markets for cashew nuts, cocoa and rubber. Additionally, extensive land supports livestock, and large areas of pasture exist, though many remain underutilized due to poor infrastructure and insecurity in some regions.
- **Bioenergy and Renewable Potential:** Nigeria's agricultural abundance also underpins significant bioenergy potential. Researchers estimate that Nigeria produces up to 83 million tonnes of crop residue and 61 million tonnes of animal waste per annum, which could be harnessed for biofuel. With the world's largest capacity for oil palm plantation and as leading cassava grower, the scope for biodiesel and other fuels is considerable.

While resource wealth offers economic advantages, mismanagement and environmental degradation pose critical challenges (see chapter Just Transition).[5]

Strategic Geographical Location, Ports and Market Connectivity

Nigeria's **coastline** along the Gulf of Guinea grants critical maritime trade access. Its **principal ports** – two medium-sized in Lagos and another in Port Harcourt – manage significant container traffic, complemented by multiple international airports, providing global connectivity. However, limited international, regional and domestic integration of value chains restricts the full utilisation of this strategic advantage. The pronounced divide between northern and southern markets, additionally hampered by inadequate transport infrastructure, constrains economic efficiency. Despite an extensive road network, poor road quality, especially in rural areas, leads to higher transportation costs, reduced market accessibility and constrained mobility of goods and labour. Southern cities like Lagos exhibit commercial dynamism, yet logistical bottlenecks limit competitiveness and internal economic integration.

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[3] Savannah Energy. (n.d.). Nigeria—Country overview. https://www.savannah-energy.com/operations/nigeria/country-overview; Nairametrics. (2025, March 14). Nigeria's trade: Exports hit $50.4 billion as exchange rate depreciation and fuel subsidy removal boost trade balance. https://nairametrics.com/2025/03/14/nigerias-trade-exports-hit-50-4-billion-as-exchange-rate-depreciation-and-fuel-subsidy-removal-boost-trade-balance/

[4] Food and Agriculture Organization of the United Nations (FAO). (n.d.). Nigeria at a glance—FAO in Nigeria. https://www.fao.org/nigeria/fao-in-nigeria/nigeria-at-a-glance/en/

[5] Martins Emeje & Eneojo Ogu. (2024). Promoting and utilization of Nigeria natural resources for economic development. African Journal of Economics and Sustainable Development, 7 (2), 236–242. https://doi.org/10.52589/AJESD-ZYMD2FTW

Energy Access

Nigeria continues to face significant challenges in providing reliable electricity to its population. As of 2022, only about 60 % of Nigerians were connected to the national grid, with significant disparities persisting between urban (89 %) and rural areas (27 %). Despite privatisation efforts, power generation and distribution remain insufficient. The installed generation capacity stands at approximately 13,500 megawatts (MW), but due to aging infrastructure and operational inefficiencies, only a third of this capacity is effectively distributed. The actual energy consumption far exceeds this figure, with an estimated demand of around 20,000 MW. A significant portion of this demand is met by decentralised, off-grid sources, primarily diesel-powered generators.[6]

2.2 Governance, Political and Institutional Environment

Nigeria has adopted a federal/presidential system of government composed of federal, state and local tiers. Nigeria is composed of **36 states** plus a Federal Capital Territory (FCT). Each state has its own Governor and House of Assembly, while the constitution specifies areas where states can legislate in parallel with the Federal Government. 774 Local Government Areas (LGAs) are responsible for local administration, community services and basic governance functions.

On **federal level,** the **executive** is led by the president who doubles as Head of State and Head of Government. Elected every four years for up to two terms, the president chairs the Federal Executive Council (FEC), appoints ministers from the 36 states, and serves as Commander-in-Chief of the Armed Forces. The vice president acts as deputy, exercising presidential powers only when delegated or in the president's absence. **Key ministries regarding the governance of the labour market** are described in the table below:

Table 1: Relevant actors – Framework conditions

Institution	Role & Task
Federal Ministry of Labour and Employment (FMLE)	Oversees national labour policies, industrial relations, employment services, dispute management and labour law enforcement.
Federal Ministry of Industry, Trade and Investment (FMITI)	Promotes economic growth through industrial policies, investment facilitation, trade development, and support for micro, small and medium enterprises (MSME).
Federal Ministry of Finance, Budget & National Planning (FMFBNP)	Coordinates economic planning, manages national budgets, financial policy, fiscal strategies and oversees socio-economic development initiatives.
Federal Ministry of Education (FME)	Formulates and coordinates the national policies on education.

Legislature: The legislature of Nigeria is structured as a bicameral National Assembly, comprising the Senate and the House of Representatives. The Senate consists of 109 members – 3 senators representing each state and one senator for the FCT. The House of Representatives includes 360 members, elected proportionally based on population size. Together, the legislative chambers are responsible for enacting laws, overseeing executive actions and approving the national budget.

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[6] World Bank. (n.d.). Access to electricity, urban (% of urban population) – Nigeria. https://data.worldbank.org/indicator/EG.ELC.ACCS.UR.ZS?locations=NG; Maclean, R. (2024, Dec 11). Why Nigeria's power grid is failing. Reuters. https://www.reuters.com/world/africa/why-nigerias-power-grid-is-failing-2024-12-11/; Novatia Consulting. (2024). Geographic market analysis in Nigeria. https://novatiaconsulting.com/geographic-market-analysis-in-nigeria/; Ola, T. P. (2020). Resource utilization and environmental sustainability in Nigeria. Acta Universitatis Danubius. Administratio, 11(2); The DHS Program. (1999). Nigeria DHS 1999—Chapter 1. https://dhsprogram.com/pubs/pdf/FR115/01Chapter01.pdf; Organization of the Petroleum Exporting Countries (OPEC). (n.d.). Nigeria—Member country profile; https://www.opec.org/opec_web/en/about_us/167.htm; World Bank. (2024). Nigeria—Country overview. https://www.worldbank.org/en/country/nigeria/overview;

Judiciary: The Nigerian legal system integrates English Common Law, Customary Law and Islamic Sharia Law. The Supreme Court is the highest court, handling appeals on constitutional, civil and criminal issues from federal and state courts. The judiciary also comprises the Court of Appeal, Federal High Court and the Islamic Sharia Court.[7]

Democratic Evolution and Stability

Since the return to democratic rule in 1999, Nigeria has experienced **sustained civilian governance** through periodic elections. The Fourth Republic inaugurated a framework for multiparty democracy, marking the longest civilian regime since independence. Successive administrations – beginning with President Olusegun Obasanjo under the People's Democratic Party (PDP), followed by leadership transitions through the 2000s – have generally respected constitutional term limits and facilitated peaceful transfers of power. This continuity of civilian rule, including the alternation of power between the PDP and All Progressives Congress (APC), reinforces an important dimension of political stability. The 2023 Presidential election brought President Bola Ahmed Tinubu into office, promising economic reforms and improved security.

Despite these democratic milestones, the country contends with persistent **security threats** that **undermine national cohesion**. In the northeast, the Boko Haram insurgency and its affiliated factions have displaced millions of people, eroded local governance and disrupting economic life. In the northwest, banditry and organised crime have deterred investment and threatened agricultural production. Meanwhile, in the southeast, separatist agitation poses additional political risks, sometimes escalating into violence. These regional **security crises** divert government resources that could otherwise be used for infrastructure development and social services, thus undermining broader efforts to consolidate democratic gains.[8]

Institutional Effectiveness

Nigeria's governance framework is characterised by considerable internal weaknesses, manifesting through insecurity, corruption and economic instability. According to the 2024 **Africa Country Instability Risk Index**, Nigeria dropped six places in political stability rankings, attributed to security issues, the exit of foreign businesses, rising poverty and unpopular economic reforms.

Corruption remains a core obstacle to effective governance and development in Nigeria. **Transparency International's Corruption Perceptions Index** 2024 ranked Nigeria 140th out of 180 countries, scoring just 26 out of 100. Despite a slight improvement from previous years, corruption persists across various sectors, severely undermining government capacity and effectiveness. The World Justice Project's Rule of Law Index 2024 also ranked Nigeria poorly at 120th out of 140 countries in terms of absence of corruption, highlighting systemic issues including limited political will, weak judicial structures and pervasive bribery, particularly higher in rural areas. The entrenched corruption hampers economic growth, while eroding public trust in governance.[9]

Weak institutional capacity and poor governance further contribute to **inefficient service delivery**. The inability to effectively mobilize domestic revenue and manage resources exacerbates issues

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[7] National Judicial Council (NJC). (n.d.). About the NJC–Federal judicial overview. https://njc.gov.ng; Supreme Court of Nigeria. (n.d.). The Supreme Court of Nigeria. https://supremecourt.gov.ng

[8] Ashindorbe, K., & Danjibo, N. (2022). Two decades of democracy in Nigeria: Between consolidation and regression. Journal of African Elections, 21(2), 168–183. https://doi.org/10.20940/JAE/2022/v21i2a8 Mo Ibrahim Foundation. (2024). 2024 Ibrahim Index of African Governance–Index report. https://mo.ibrahim.foundation/iiag

[9] Foundation for Investigative Journalism (FIJ). (2024, Nov 1). Why Nigeria ranks 120th of 142 in 2024 World Justice Project Rule of Law Index. https://fij.ng/article/why-nigeria-ranks-120th-of-142-in-2024-world-human-rights-rule-of-law-index/

related to poverty, unemployment and social inequality. Notably, Nigeria's tax-to-GDP ratio remains exceptionally low at approximately 6 %, considerably below regional peers such as Ghana (18 %), Kenya (18 %) and South Africa (29 %), limiting Nigeria's ability to fund public services.[10]

In the **World Bank's Worldwide Governance Indicators (WGI)**, Nigeria's Government Effectiveness percentile rank was reported at 20.28 % in 2023, indicating that its effectiveness is perceived to be lower than approximately 80 % of the countries assessed. The WGI evaluates governance across six dimensions: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.[11]

Despite these challenges, Nigeria has pursued electoral reforms aimed at **enhancing democratic credibility and governance**. Recent measures include the adoption of technology to improve transparency and accountability in elections. Additionally, anti-corruption efforts, such as reforms within public procurement processes and the strengthening of anti-corruption agencies like the Economic and Financial Crimes Commission and Independent Corrupt Practices Commission, aim to mitigate systemic corruption and rebuild public confidence.

Yet, implementation of these reforms is limited by institutional constraints, insufficient political commitment and resistance from entrenched interests within the government and private sector.

National Policies Impacting the Labour Market

In recent years, Nigeria has taken significant steps to shape its labour market through comprehensive national policies and reforms aimed to increase employment, enhance skills and reduce poverty. These policy interventions intersect with broader development goals, reflecting the government's commitment to tackle structural challenges such as weak public revenue, high informality and youth unemployment. Below is a closer look at how these policies flow together to create a more inclusive and dynamic labour environment.

Nigeria Agenda 2050 (NA 2050): Nigeria's Agenda 2050 is the long-term economic roadmap designed to transform the country into an upper-middle-income nation by 2050. With the ambition of achieving a 7 % average real GDP growth rate, NA 2050 hinges on robust private sector investments and targeted public spending. This strategic blueprint envisions large-scale job creation as a key driver of inclusive prosperity, projecting unemployment to drop to about 6.3 % by 2050. It also focuses on reducing poverty to nearly negligible levels by channelling resources into social services, infrastructural development and structural economic reforms. By harnessing both domestic and foreign financing, the plan sets the stage for more sustainable investments in high-impact sectors such as manufacturing, agriculture and digital technology.

National Development Plan (NDP) 2021–2025: Building on the broader objectives of NA 2050, the NDP 2021-2025 offers a medium-term strategy to jumpstart economic growth, cut down unemployment and address social disparities. This plan targets a yearly average real GDP growth of about 5 %, the creation of 21 million new jobs and lifting 35 million citizens out of poverty over its 5-year lifespan. Structured around six core thematic areas – Economic Growth, Infrastructure, Public Administration, Human Capital-, Social- and Regional Development – the NDP aims to

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[10] OECD. (2024). Revenue statistics in Africa—Nigeria (country sheet). https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-tax-revenues/revenue-statistics-africa-nigeria.pdf

[11] World Bank. (2024). Worldwide Governance Indicators (WGI)—Country data: Nigeria. https://www.worldbank.org/en/publication/worldwide-governance-indicators

promote key sectors like agriculture, manufacturing and energy. Substantial budgetary allocations and strong collaborations with the private sector are intended to fund these initiatives.

Despite setting ambitious objectives, the plan significantly missed the original targets. The economy grew by only 3.3 % annually against a 4.6 % goal, and the revenue-to-GDP ratio reached only 9.1 %, well short of the 15 % target. Additionally, job creation efforts fell drastically short, compounded by inadequate public-private partnerships and stalled infrastructure projects, further discouraging investor confidence.[12]

National Policy on Skill Development in Formal and Non-Formal Education in Nigeria (NPSD): Addressing the enduring challenge of youth unemployment and skills mismatch, the NPSD primarily targets the nation's youth, aiming to align educational curricula with industry demands and promote vocational training across federal technical colleges. By forging partnerships with organisations such as the African Development Bank (AfDB), the policy fosters innovative programmes focused on practical and entrepreneurial skills – ranging from painting and decoration to tiling and interlocking.[13]

National Employment Policy (NEP): The Revised NEP 2025 of Nigeria aims to address persistent labour market challenges, including youth unemployment, the informal employment, skills mismatches and gender-based inequalities. It places strong emphasis on creating job opportunities in emerging and future-oriented sectors such as the digital economy, green and blue economies and the creative industries through enhanced institutional coordination, clear performance indicators and multi-stakeholder collaboration – including public institutions, private sector actors, and development partners. As of now, however, the full text of the NEP 2025 has not yet been made publicly available for download.[14]

Nigerian Youth Employment Action Plan (NIYEAP): The NIYEAP for the period 2021 to 2024 set out to reduce youth unemployment by strengthening systems for skills development, improving the business environment for youth-led enterprises and creating sector-specific employment pathways. Key objectives have included aligning education and training with labour market demands, expanding access to finance and business support services for young entrepreneurs and formalising existing informal youth employment. Implementation has relied on coordinated action between government, private sector and development partners, supported by a multi-stakeholder committee and youth-focused data collection tools such as nationwide digital surveys.[15]

International Policies and Partnerships

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[12] BusinessDay. (2024, July 31). Nigeria's development plan fails again, plunging millions into deeper poverty. https://businessday.ng/business-economy/article/nigerias-development-plan-fails-again-plunging-millions-into-deeper-poverty/

[13] Federal Ministry of Budget & National Planning. (2021). National Development Plan (NDP) 2021–2025. https://nationalplanning.gov.ng/wp-content/uploads/2021/12/NDP-2021-2025_AA_FINAL_PRINTING.pdf; Federal Ministry of Budget & National Planning. (2023). Nigeria Agenda 2050. https://nationalplanning.gov.ng/wp-content/uploads/2023/05/Nigeria-Agenda-2050-Report-Corrected.pdf; Prompt News Online. (2024, Sept 11). National Policy on Skills Development kicks off Sept–Education Minister. https://promptnewsonline.com/national-policy-on-skills-development-kicks-off-sept-education-minister/; Education Vanguard. (2025, Feb 11). Nigeria unveils National Policy on Skills Development. https://www.educationvanguard.com.ng/2025/02/11/nigeria-unveils-national-policy-on-skills-development/; Bloomfield Law Practice. (2024, July). Labour & Employment client alert: Federal Government of Nigeria approves a new national minimum wage of ₦70,000. https://www.bloomfield-law.com/sites/default/files/2024-07/labour_employment_client_alert-_the_federal_government_of_nigeria_approves_a_new_national_minimum_wage_copy_0.pdf

[14] Daily Champion. (2025, Aug 6). FG targets new strategy for job creation, launches revised National Employment Policy. https://championnews.com.ng/2025/08/06/fg-targets-new-strategy-for-job-creation-launches-revised-national-employment-policy/

[15] Federal Ministry of Youth & Sports Development. (2021). Nigerian Youth Employment Action Plan (NIYEAP). International Labour Organization host page: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40africa/%40ro-abidjan/%40ilo-abuja/documents/publication/wcms_819111.pdf

Nigeria has been a member of the International Labour Organization (ILO) since 1960 and has ratified 45 ILO Conventions, including all 8 fundamental conventions that cover areas such as freedom of association, collective bargaining, forced labour, child labour and non-discrimination. The country has also ratified Convention No. 102 on Social Security (Minimum Standards), demonstrating its commitment to enhancing social protection systems.[16]

In alignment with the ILO Centenary Declaration, Nigeria has expressed its dedication to promoting decent work, strengthening social dialogue and aligning labour laws with international standards. These efforts are also in line with the Sustainable Development Goal 8 (SDG 8), aiming to create inclusive, sustainable and productive employment opportunities for all.

Regarding international support, Nigeria received approximately USD 4.44 billion in net **Official Development Assistance** (ODA) in 2022, reflecting an increase from USD 3.53 billion in 2021. Major donors include the USA (mainly stopped in 2025), the World Bank, the European Union (EU), the United Kingdom (UK) and Germany. These funds are primarily directed towards sectors such as health, education, agriculture, governance and infrastructure development.[17] Interventions by GIZ, commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), focus on Economic Development and Employment; Agriculture; Energy; Security, Reconstruction and Peace; and Governance and Democracy.

Multilateral institutions like the International Monetary Fund (IMF) and AfDB also provide critical financial and technical support to Nigeria. Regionally, Nigeria actively participates in economic integration through Economic Community of West African States (ECOWAS) and the African Continental Free Trade Area (AfCFTA), promoting intra-African trade and labour mobility.

2.3 Macroeconomic Stability

Nigeria's macroeconomic context has been marked by **volatility** and mounting pressures in recent years as Nigeria is heavily influenced by global oil price swings. In the first half year of 2024, the **public debt** reached NGN 134.297 trillion, equivalent to 56.23 % of GDP, exceeding the **national benchmark of 40 %** but staying within the international standard of 70 %. The debt composition was balanced, with domestic debt accounting for about 53 % and external debt approximately 47 %. Debt servicing costs increased by about 38 %, totalling NGN 3.419 trillion, due mainly to repayments of external debts and government bonds.

In November 2024, federally collected revenues increased by 21.2 % compared to the previous month but remained nearly **20 % below target**. Government spending decreased by 5.8 %, primarily because of lower capital expenditures. Consequently, the budget deficit narrowed by 15 % compared to the previous month yet still exceeded the planned target by about 19 %.[18]

In 2025, Nigeria's economy finds itself in a delicate situation. After significant **policy reforms** were implemented in 2023 – including the removal of petrol subsidies and the liberalisation of the

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[16] International Labour Organization. (n.d.). Nigeria—ILO country profile. https://www.ilo.org/regions-and-countries/africa/nigeria

[17] OECD. (2024). Aid at a glance: Nigeria. https://public.tableau.com/views/OECDDACAidataglancebyrecipient_new/Recipients?%3Adisplay_count=yes&%3Aembed=y&%3AshowTabs=y&%3AshowVizHome=no&%3Atoolbar=no%3F&utm; World Bank. (n.d.). Net official development assistance and official aid received - Nigeria. https://data.worldbank.org/indicator/DT.ODA.ALLD.CD?locations=NG

[18] Central Bank of Nigeria. (2025). Economic report—November 2024. https://www.cbn.gov.ng/Out/2025/RSD/November%202024%20Economic%20Report.pdf; Nairametrics. (2025, Jan 3). FG's deficit spending surges to N12.1 trillion amid revenue gains, rising debt pressure—CBN. https://nairametrics.com/2025/01/03/fgs-deficit-spending-surges-to-n12-1-trillion-amid-revenue-gains-rising-debt-pressure-cbn/

foreign exchange market – expectations were high for a robust economic recovery. However, actual outcomes have fallen short of these expectations.

Inflation and Currency Weakness

Persistent **inflationary pressures** have significantly impacted economic stability and reduced purchasing power. In October 2024, headline inflation reached 33.88 % (on-year inflation), up from 32.70 % in the previous month, driven primarily by rising food prices. Inflation is particularly severe in urban areas, where it stands at 36.38 %, compared to 32.70 % in rural regions. However, states such as Bauchi, Kebbi and Sokoto experience the highest inflation rates, highlighting regional economic disparities.

A notable consequence of the policy shifts and currency pressures was the **41.4 % depreciation of the Naira in 2024**, a factor that reshaped Nigeria's global economic standing. With regards to nominal GDP previously among Africa's top three economies, Nigeria slipped to fourth place with a GDP of **USD 199.72 billion**, trailing South Africa (USD 403.5 billion), Egypt (USD 380.04 billion), and Algeria (USD 260.13 billion). These numbers highlight the profound impact of currency fluctuations on overall economic size.[19] The **weakness of the Naira**, combined with high inflation, has intensified the **cost-of-living crisis** and eroded real incomes, leading to growing disillusionment among the Nigerian population.[20]

Income Inequality

Nigeria's income inequality, measured by the Gini coefficient, has improved under democratic governance, reaching 35.1 % in 2022, down from its peak of 51.9 % in 1996 during military rule. Currently, Nigeria ranks 11th in West Africa and 100th globally in terms of income equality. Despite improvements, significant disparities remain: the top 10 % of earners make roughly 14 times more than the bottom 50 %, and the top 1 % earn about 37 times more than this lower half.[21]

Gross Domestic Product Growth Rate

Economic growth has been positive but modest since the 2016 recession – mostly in the 2 % – 3 % average range, roughly on par with population growth (~2.1–2.2 % per year). This means real GDP per capita has stagnated or even declined since 2015, indicating that the economy is not expanding fast enough to improve average living standards or absorb the fast-growing labour force.[22]

The **historical view of annual GDP growth** (2015–2024) shows fluctuations that underscore Nigeria's vulnerability to both global and domestic shocks. Growth dipped into negative territory in 2016 (-1.31 %) and 2020 (-1.92 %), aligning with periods of global economic strain and domestic disruptions. More recently, 2021 saw a stronger rebound at 3.40 %, but growth softened again to 2.74 % by 2023, but coming back to 3.40 % in 2024. These trends indicate how policy changes, global oil prices and structural economic constraints continually shape the growth trajectory.[23]

Figure 1: Yearly GDP growth rate in %

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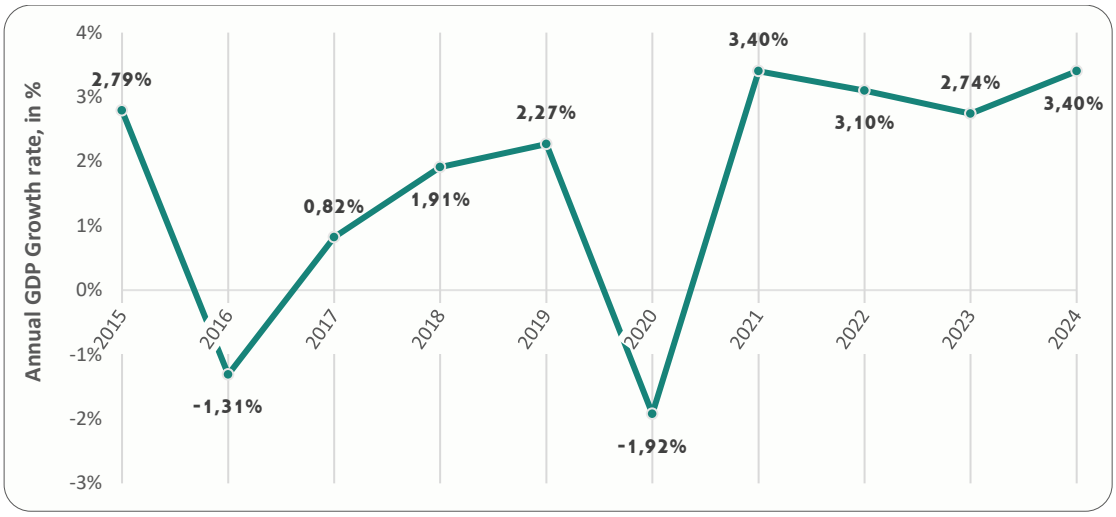
[19] Augusto & Co. (2025, Jan). Macroeconomic outlook: Stability or stagnation—Will policy reforms deliver Nigeria's promised growth? (Report).
[20] National Bureau of Statistics (NBS). (2024, Oct). Consumer Price Index—October 2024. https://www.nigerianstat.gov.ng/download/1241583
[21] Harmon, C. (2023, Mar 21). Gini coefficient shows progress in Nigeria's wealth distribution under democracy. Nairametrics. https://nairametrics.com/2023/03/21/gini-coefficient-shows-progress-in-nigerias-wealth-distribution-under-democracy/
[22] NBS. (2024, Dec 6). Foreign Trade in Goods Statistics—Q3 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/84/related-materials
[23] NBS. (2025, May 27). Gross Domestic Product (GDP) Report—Q1 2025. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1258/Q1_2025_GDP%20Report.pdf

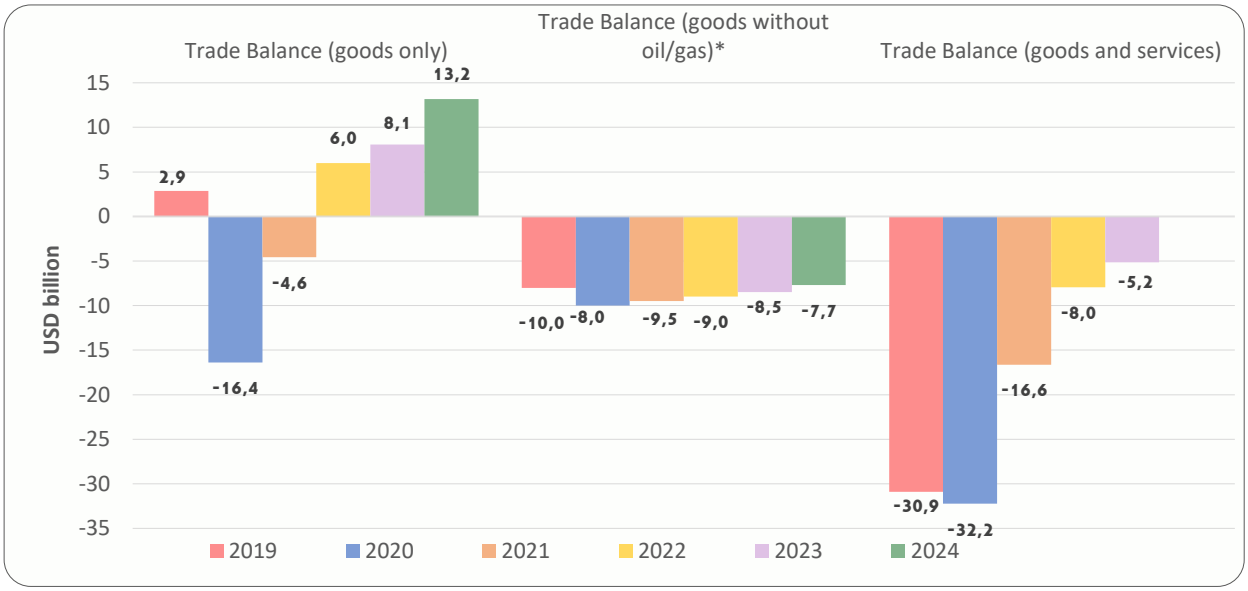


Note. Sectoral contributions to GDP are outlined in the chapter Labour Demand.
Source: NBS, 2024

Foreign Trade

Historically, Nigeria's trade balance is often **positive** due to oil exports. However, it can turn negative if global oil prices fall or domestic production declines. From 2019 to 2024, trade figures have shown considerable volatility.

Figure 2: Foreign Trade Indicators



*Estimations
Source: https://data.worldbank.org/indicator/BN.GSR.GNFS.CD?locations=NG

In 2024, Nigeria experienced substantial growth in external trade, demonstrating remarkable increases in both exports and imports compared to the previous year. In the third quarter alone, Nigeria's total merchandise trade surged to NGN 35.16 trillion, an impressive 81.35 % increase from the same period in 2023.The trade balance estimation for 2024 is USD 13,17 billion.

Crude oil continued to dominate Nigeria's export sector, comprising 80.8 % of total exports in the first quarter of 2024. Non-crude oil exports accounted for the remaining 19.2 %, with non-oil products specifically contributing 9.28 % to overall exports. Further information on export can be

found in the chapter Labour Demand. On the import side, mineral products constituted the highest value, underscoring the continued reliance on imported minerals to meet domestic demands.[24]

2.4 Demography

Nigeria's demographic profile is characterised by a very large, youthful and rapidly growing population. Absolute figures on Nigeria's demographic situation vary slightly according to different sources, but the demographic trends are clear. Nigeria's population in 2023 stands at nearly **228 million** making it the **6th-largest** country in the world. Projections suggest that the population could reach around 237.5 million by 2025, and the UN expects Nigeria's population to rise to around **400 million by 2050**, making it the **world's third** most populous country after India and China.

Table 2: Population of Nigeria (2025 and historical)

Year	Population	Yearly Change in %	Median Age	Density (P/Km²)	Urban Population	Urban Population in %
*2025**	**237,527,782**	2.08 %	18.1	261	130,312,056	54.9 %
*2024**	**232,679,478**	2.10 %	17.9	255	125,447,884	53.9 %
2023	**227,882,945**	2.12 %	17.8	250	120,696,717	53.0 %
2022	**223,150,896**	2.11 %	17.6	245	116,057,853	52.0 %
2020	**213,996,181**	2.15 %	17.2	235	107,112,526	50.1 %
2015	**190,671,878**	2.73 %	16.7	209	86,673,094	45.5 %
2010	**166,642,886**	2.82 %	16.7	183	68,949,828	41.4 %
2005	**145,017,253**	2.79 %	16.8	159	54,288,918	37.4 %
2000	**126,382,494**	2.66 %	16.8	139	42,627,440	33.7 %
1995	**110,819,428**	2.67 %	16.5	122	34,785,545	31.4 %

*Estimations

Source: https://data.worldbank.org/indicator/SP.POP.TOTL?locations=NG; World Population Prospects 2024

The annual growth rate in recent years has been around **2.1-2.2 %**, which translates into an additional **4.7-4.8 million** people each year. This pace confirms Nigeria's status as one of the fastest-growing countries. Such rapid growth presents both significant opportunities for economic dynamism and pressing challenges for public services, infrastructure and the labour market. Nigeria's population remains **extremely young**, with the **median age at 18.1** for 2025. **70 %** of Nigerians are under 30 and roughly **42 %** are under 15. This 'youth bulge' means that the population of working age (15-64) will grow substantially in the coming decades. Nearly 90 million Nigerians are currently of working age, with millions more entering the labour force each year.[25]

Urbanisation in Nigeria is accelerating with a steady **rural-to-urban migration**. **53 %** of the population was living in urban areas in 2023, up from **45.5 %** in 2015 and **37.4 %** in 2005. Major cities such as **Lagos** (estimated population over 15 million), **Kano** and the capital **Abuja** continue to expand rapidly. While urbanisation can drive job creation and economic activity, it also **intensifies pressure** on housing, transportation, and social services. Many newcomers to the city end up in **informal employment** or underemployment, reflecting limited formal job opportunities.

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[24] NBS. (2024, Dec 6). Foreign Trade in Goods Statistics–Q3 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/84/related-materials

[25] UNFPA Nigeria. (2023, Feb 3). Country Programme Document–Nigeria (9th CPD). https://nigeria.unfpa.org/en/publications/united-nations-population-fund-country-programme-document-nigeria; Worldometer. (2025). Nigeria Population (Live). https://www.worldometers.info/world-population/nigeria-population/; United Nations, DESA, Population Division. (2024). World Population Prospects 2024. https://population.un.org/wpp/

Regional Disparities

Growth rates and education levels vary across Nigeria's regions, with the **northern states** generally experiencing **higher birth rates** (often above five children per woman) and **lower average education** than the south. This **exacerbates regional inequalities** in population growth, employment and income. The high youth population also correlates with **high dependency ratios**, where a relatively small number of working adults must support a large number of children.[26]

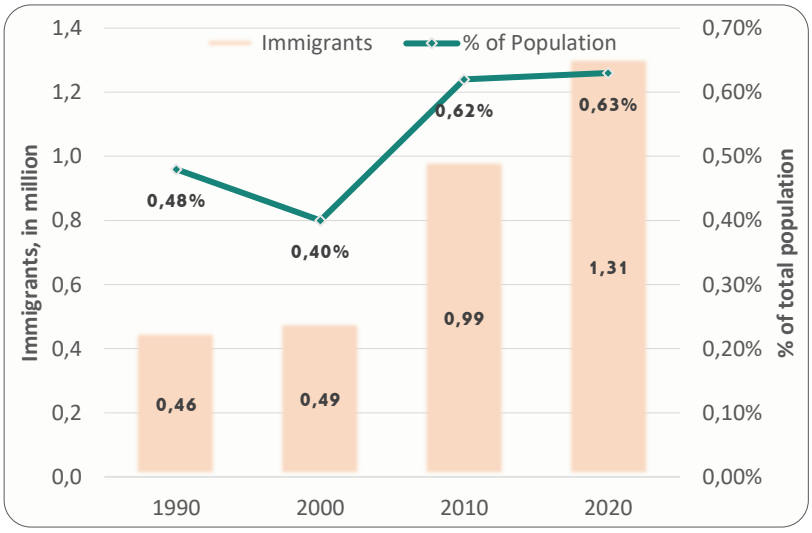
2.5 Migration

Nigeria experiences dynamic migration patterns significantly shaping its labour market and social structures. Internal migration is significant, with millions moving from rural communities to urban centres over the past years driven by the search for better employment, education and amenities.

Immigration

Nigeria remains an attractive destination within West Africa, drawing migrants primarily for economic opportunities due to its large market and relatively developed economy. The estimated immigrant population reached **1.3 million in 2020**, predominantly consisting of younger men aged **25-34 years**. The shifting age profile, with average migrant age rising from **20 years in 1990 to 30 years in 2020**, highlights evolving migration trends, possibly reflecting more experienced and skilled individuals seeking better economic conditions.

Figure 3: Nr. of Immigrants in Nigeria and % of Population



Source: Michael Mutava. (2023). An Analysis of Trends and Patterns of Migration in Africa. New South Institute.

The overwhelming majority (**90 %**) originate from **Africa**, while the rest of the world contributed the remaining 10 %. The ECOWAS region accounted for 93 % of immigrants from Africa, notably from Benin, Ghana, Mali, Togo and Niger. Additionally, Nigeria provides refuge to those fleeing regional conflicts, hosting over **65,000 Cameroonian refugees** and thousands more from Syria, Lebanon and the DRC.[27] With UNHCR's support, Nigeria allows refugees to move freely and work

[26] The Economist. (2024, Nov 7). Why the fertility gap between north and south Nigeria matters. https://www.economist.com/middle-east-and-africa/2024/11/07/why-the-fertility-gap-between-north-and-south-nigeria-matters

[27] Mutava, M. (2023). An analysis of trends and patterns of migration in Africa. New South Institute. https://nsi.org.za/wp-content/uploads/2023/11/An-analysis-of-trends-and-patterns-of-migration-in-Africa.pdf; International Organization for Migration (IOM). (2019).

legally. They receive primary health care like nationals and children can attend local schools. The government also provided land for refugee settlements.

Given that underlying numbers are based on official records, they may miss immigrants from neighbouring countries attracted to Nigeria by its large economy and market as much of the literature on migration points to **irregular immigration** due to the porous borders with neighbouring countries. The ECOWAS Protocol on free movement and similarities between citizens of neighbouring countries and Nigeria have amplified the challenges of irregular migration into Nigeria. Migrants from countries with shared religions, language, markets and culture integrate easily with Nigerian communities, e.g. citizens of Niger, Cameroon, Chad and Benin are known to easily integrate into Nigerian societies through marriage and business partnerships.

Immigrants significantly contribute to Nigeria's economy, particularly in construction, commerce and manual labour sectors. Migrant communities from ECOWAS nations, as well as Lebanese, Chinese and Indian nationals, have substantial roles in infrastructure and manufacturing projects. Nevertheless, integration challenges and a limited influx of highly skilled workers restrict the broader economic benefit derived from immigration.[28] Nigeria ranks 67th globally in attractiveness to international workers, attracting professionals particularly from Kenya, Uganda and South Africa. Reasons to relocate to Nigeria that were highlighted by a study of Boston Consulting Group include quality of job opportunities (52 % of respondents), a family-friendly environment (40 %), and a welcoming culture and inclusiveness (34 %).[29]

Emigration

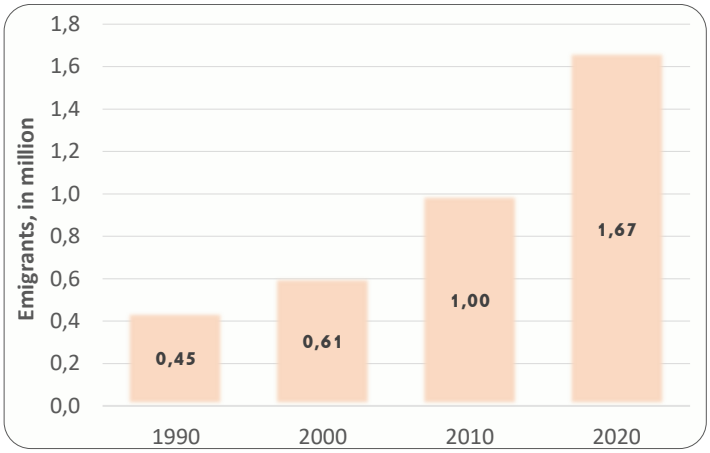
Emigration from Nigeria has strongly increased, driven largely by economic factors, insecurity and the pursuit of better living standards. The emigration trend is locally dubbed "Japa" (Yoruba slang for "to run away"). A combination of limited domestic job opportunities, economic hardships and insecurity has driven many Nigerians – especially educated youth – to seek opportunities abroad. The Nigerian diaspora is sizable and dispersed. By 2020, Nigeria's **emigrant population** rose to **1.67 million**, with a clear majority (58 **%**) choosing destinations outside Africa. Popular international destinations include Europe and North America, especially the United Kingdom, the United States, and Canada, highlighting a pronounced 'brain drain' phenomenon.

Migration in Nigeria: A country profile. https://nigeria.iom.int/resources/migration-nigeria-country-profile-2019; Nneli, T., Hagen Zanker, J., & Hennessey, G. (2022). Migration relevant policies in Nigeria (v2). (MIGNEX Background Paper, v2). Oslo: Peace Research Institute Oslo. https://www.mignex.org/sites/default/files/2023-02/d053f-mbp-migration-related-policies-in-nigeria-v2_0.pdf

[28] Nneli, T., Hagen Zanker, J., & Hennessey, G. (2022). Migration relevant policies in Nigeria (v2). (MIGNEX Background Paper, v2). Oslo: Peace Research Institute Oslo. https://www.mignex.org/nga; Mutava, M. (2023). An analysis of trends and patterns of migration in Africa. https://nsi.org.za/publications/analysis-trends-patterns-migration-africa/

[29] Boston Consulting Group; The Network; The Stepstone Group. (2024). Decoding global talent 2024: Dream destinations and mobility trends. https://web-assets.bcg.com/1b/8e/71e0d6f4405f876e7ff2c3d0689b/bcg-decoding-global-talent-2024-r2.pdf

Figure 4: Nr. of emigrants from Nigeria



Source: Michael Mutava. (2023). An Analysis of Trends and Patterns of Migration in Africa. New South Institute.

Professional emigration significantly **impacts the labour market**, particularly in vital sectors such as healthcare and academia. Since 2015, over 5,000 doctors have emigrated to the UK, exacerbating the already critical shortage of medical professionals and negatively affecting healthcare quality and efficiency. Similarly, academia has suffered substantial losses, leading to a decline in educational quality and competitiveness. Many universities struggle with high student-to-teaching personnel ratios and several institutions have failed programme verification due to insufficient qualified faculty.[30]

While emigration helps **relieve immediate unemployment pressures** domestically, the **loss of skilled professionals** has severe economic consequences. Since 2010, Nigeria's financial loss from the emigration of medical personnel alone exceeds USD 2 billion. Currently, fewer than half of the 80,000 certified doctors actively practice domestically, resulting in a physician-to-population ratio significantly below the WHO's recommended level. This professional deficit increasingly forces reliance on expensive foreign expertise, impacting national projects' timelines and budgets negatively. Conversely, the Nigerian diaspora contributes positively through remittances, which rank among Africa's highest, helping to mitigate the negative economic impacts of emigration.[31]

Remittances

Remittances have become integral to Nigeria's economy, representing critical financial inflows supporting millions of households and stabilising the broader economy. In 2023, remittance inflows totalled around **USD 20.5 billion**, making up approximately **5.65 % of GDP**. These funds significantly impact family incomes, education financing and local economic development.

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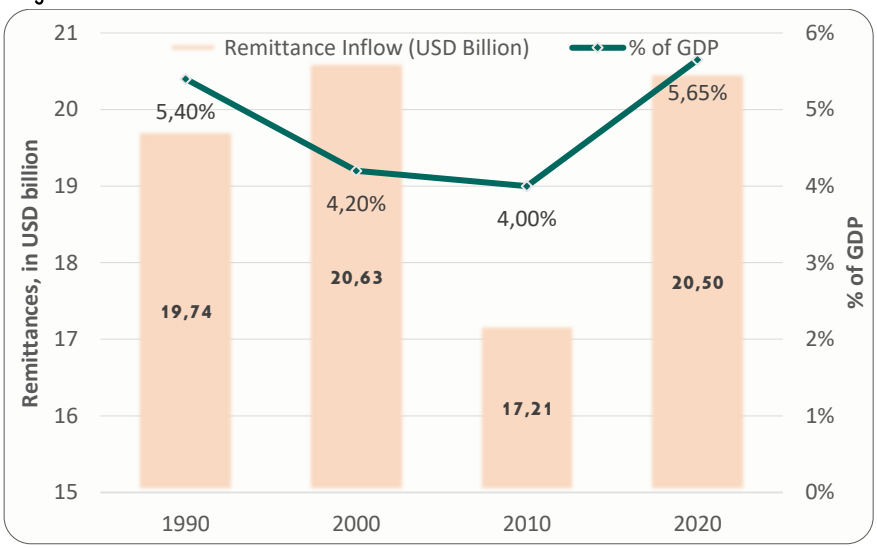
[30] Premium Times. (2022, Oct 19). Brain drain: Over 5,000 Nigerian doctors move to UK in eight years. https://www.premiumtimesng.com/news/headlines/560511-brain-drain-over-5000-nigerian-doctors-move-to-uk-in-eight-years.html

[31] Oludayo, E. (2023). From brain-gain to brain-drain: Analyzing Emigration Drivers in Nigeria and the Socio-Economic Implications for Future Development. Global Social Sciences Review (GSSR). https://www.humapub.com/admin/alljournals/gssr/papers/yglYmFYlZ4.pdf; Mutava, M. (2023). An analysis of trends and patterns of migration in Africa. New South Institute. https://nsi.org.za/wp-content/uploads/2023/11/An-analysis-of-trends-and-patterns-of-migration-in-Africa.pdf ; Dafiel, G. P. (2024). Impact of migration on labour supply in engineering sectors: Legal and regulatory challenges in Nigeria. International Journal of Research and Innovation in Social Science (IJRISS), 8b(3S), 6233–6246. https://rsisinternational.org/journals/ijriss/Digital-Library/volume-8-issue-3s/6233-6246.pdf

[1] Figure 5: Remittance Inflow



Source: World Bank 2024.

Outward remittances remain comparatively low, reaching only **USD 89.4 million in 2024**, reflecting the smaller number of foreign expatriates in Nigeria and highlighting the asymmetric nature of the country's remittance flows.[32]

Internally Displaced Persons

Nigeria is among the ten countries **globally with the highest number of internally displaced persons (IDPs)**.[33] In 2023, Nigeria was among the countries in West Africa to record the highest number of annual conflict displacements, with **291,000**, almost double the figure for 2022. Displaced individuals often reside in temporary camps (40 %) or host communities (60 %), highlighting both short-term aid needs and longer-term integration challenges. While the government and humanitarian agencies provide essential support, sustainable solutions, including employment and housing, remain limited.[34]

Table 3: Number of Internally Displaced Persons (IDP)

Category	Individuals	%
IDPs in Camps	921,201	40 %
IDPs in Host Communities	1,374,333	60 %
Refugees and Asylum Seekers	85,000+	-

Source: UNHCR (2025).

Disaster-induced displacement also poses significant challenges. Between June and November 2022, Nigeria experienced the worst flooding in a decade, triggering over 2.4 million displacements which marked the highest disaster displacement figure in sub-Saharan Africa for that year. Half of them occurred in the southern state of Bayelsa, while Anambra and Kogi states were also impacted. Flooding even affected displacement camps in Borno, forcing thousands already displaced by

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[32] World Bank. (2024). Nigeria — Country data (World Development Indicators). https://data.worldbank.org/country/nigeria; TheGlobalEconomy. (2025). Nigeria: Remittances as percent of GDP. https://www.theglobaleconomy.com/nigeria/remittances_percent_gdp/; Ace Money Transfer. (2024). Nigeria's remittance landscape: Trends and predictions for 2024. https://acemoneytransfer.com/blog/nigeria-s-remittance-landscape-trends-and-predictions-for-2024

[33] Internal Displacement Monitoring Centre (IDMC). (2025). Nigeria—Country page. https://www.internal-displacement.org/countries/nigeria/; International Organization for Migration (IOM). (2023). North-East Nigeria: Mobility Tracking Round 45 — IDP and Returnee ATLAS (June 2023). https://dtm.iom.int/sites/g/files/tmzbdl1461/files/reports/IDP%20and%20Returnee%20Atlas%20-%20June%202023%20R45%20final.pdf

[34] International Organization for Migration (IOM). (2024). IOM Nigeria 2023 annual report. https://nigeria.iom.int/sites/g/files/tmzbdl1856/files/documents/2024-05/2023-iom-nigeria-annual-report.pdf; UNHCR. (2025). Nigeria—Country page. https://www.unhcr.org/africa/countries/nigeria

conflict to flee again. By comparison, floods in 2023 resulted in around 166,000 displacements, in line with the average for the past decade. By the end of 2023, around 81,000 people remained internally displaced due to disasters, a 10-fold reduction compared to 2022.

In 2024, disaster displacement once again escalated dramatically. In September, the collapse of the Alau Dam in Borno State led to catastrophic flooding, displacing over 419,000 people and causing at least 150 fatalities. The floods severely impacted more than one million residents, submerging about 70 % of Maiduguri. Additionally, extensive agricultural land, totalling over 1.5 million hectares, was destroyed, exacerbating food insecurity across Nigeria.

UNHCR's work for IDPs in Nigeria focuses on protection, shelter and non-food items such as blankets as part of the joint humanitarian response. UNHCR Nigeria also provides livelihoods support for self-reliance and cash assistance, apart from supporting water, sanitation, health and education as priority areas.[35]

2.6 Just Transition Implications

Greenhouse Gas Emissions

According to Climate Watch Data (2022) and the Federal Ministry of Environment (2024), Nigeria's total Greenhouse Gas (GHG) emissions (including the Land Use, Land Use Change and Forestry sector - LULUCF) were estimated at **approximately 356 million tonnes of CO_2 equivalent (t CO_2e) in 2022**. This level of emissions places Nigeria among the highest emitters in Sub-Saharan Africa, contributing roughly **0.71 %** of global emissions. On a **per capita** basis, emissions in Nigeria are about **1.6 t CO_2e**, reflecting relatively low individual carbon footprints compared to major global emitters but highlighting ongoing challenges linked to population size and resource use. As comparison, in 2022, Germany's total GHG emissions were approximately 696 million t CO_2e. This represents about 1.4 % of global emissions and equates to per capita emissions of 8.3 t CO_2e.[36]

Nigeria's emissions profile comprises several key sectors:

- The **energy sector** contributes roughly 50 %, driven by fossil fuel combustion in electricity generation and oil and gas operations, including gas flaring and fugitive emissions.
- **Agriculture** accounts for about 23 % of total emissions. These primarily come from crop production, such as rice cultivation and fertilizer use, as well as livestock through enteric fermentation. Inefficient practices and post-harvest losses further GHG emissions.
- A growing **transportation sector** and widespread reliance on diesel generators also significantly add to these energy-related emissions (included in energy sector).
- **Land-use change and forestry** account for approximately 13 % of emissions, largely due to deforestation for agriculture, urban expansion and unsustainable logging, despite efforts in reforestation and afforestation.

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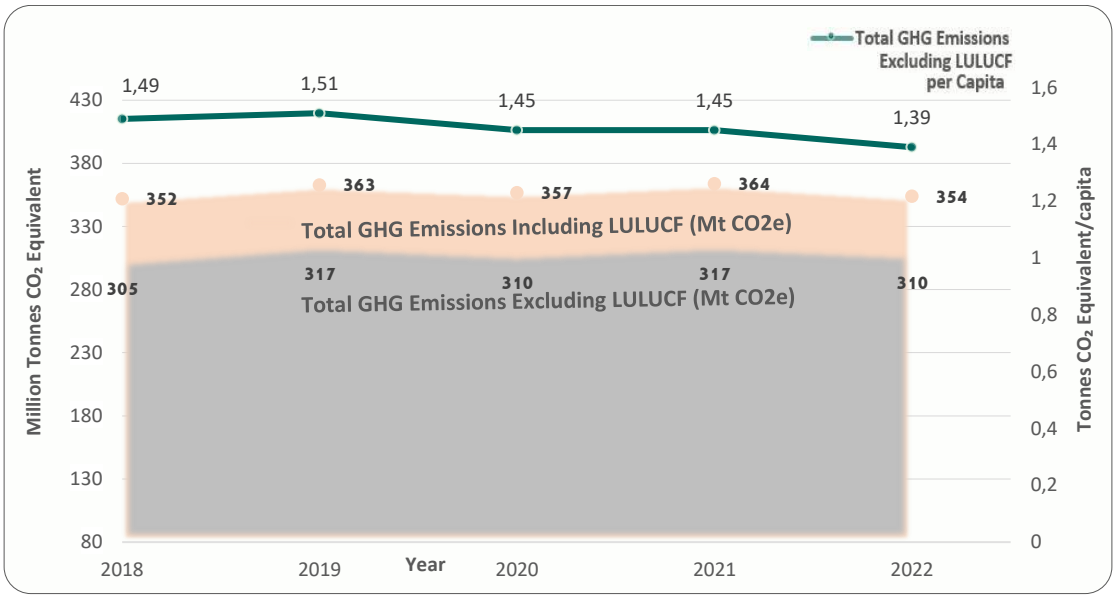
[35] UNHCR. (2025, Jan 26). Nigeria—Country page. https://www.unhcr.org/africa/countries/nigeria

[36] Climate Watch. (2022). Greenhouse gas emissions – Nigeria. https://www.climatewatchdata.org/countries/NGA; Federal Republic of Nigeria, Federal Ministry of Environment. (2024). Nigeria BTR1: National inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases (First Biennial Transparency Report). https://unfccc.int/sites/default/files/resource/Nigeria%20BTR1%20NID%202024.pdf

- Lastly, **waste management** and other sectors comprise about 5 % of emissions, primarily from improper solid waste disposal, open dumping, wastewater management practices generating methane and industrial activities like cement and chemical manufacturing.

Figure 6: Greenhouse Gas Emissions (Nigeria)



Source: Federal Ministry of Environment (2024), Climate Watch Data (2022).

Climate Vulnerabilities and Environmental Impacts

Nigeria is highly susceptible to climate extremes, experiencing severe challenges such as **desertification, flooding, drought** and **urban environmental issues**.

Large parts of northern Nigeria, particularly in the Sahel region, are significantly affected by **desertification** and **land degradation**, largely due to unsustainable agricultural practices, overgrazing and rising temperatures. The degradation advances at approximately 0.35 % annually, affecting agricultural yields and food security. Annually, an estimated 350,000 to 400,000 hectares of forests are lost which exacerbate the country's ecological strain and rural poverty.

Agriculture, essential for the nation's food security, is especially **sensitive to climate fluctuations**. Under current projections, agricultural productivity in Nigeria could decline by 10 % to 25 % by 2080. In northern areas, yield reductions in rain-fed agriculture could be even more severe, potentially reaching up to 50 %.[37]

Nigeria is also heavily affected by **flooding and coastal erosion**. Intense rainfall frequently triggers flash floods, causing significant damage to infrastructure and posing public health risks. Coastal erosion severely impacts communities along the Niger Delta and southwestern coast, threatening farmlands, settlements and critical mangrove ecosystems.

Additionally, recurring **droughts and water scarcity** in northern and central Nigeria impair agricultural productivity and hydropower generation. Reduced surface water availability has heightened competition for water resources among residential, agricultural and industrial users.

[37] Federal Ministry of Environment, Government of Nigeria. (2021). Nigeria's updated Nationally Determined Contribution (NDC). https://unfccc.int/sites/default/files/NDC/2022-06/NDC_File%20Amended%20_11222.pdf

The heavy reliance on fossil fuels and biomass for electricity, transport and cooking remains another significant challenge. In rural regions, widespread use of fuelwood and charcoal contributes notably to **deforestation** and **indoor air pollution**, while low grid connection and frequent power outages drive the use of pollutive diesel generators across all of Nigeria.[38]

Urban areas like Lagos, Kano and Abuja face urban **heat island effects** due to rapid urbanisation and population growth. Elevated levels of emissions and industrial activities **degrade air quality**, leading to increased health hazards for urban residents. [39]

Relevant Policies for Just Transition

Nigeria has committed to ambitious **climate goals**, announcing at the COP26 climate summit in 2021 a target to **reach net-zero emissions by 2060**. In line with the Paris Agreement, Nigeria has committed in its Nationally Determined Contributions (NDCs) to **reduce GHG by 20 % by 2030** relative to business-as-usual levels, with the target potentially rising to 47 % conditional on international support. To achieve these targets, Nigeria outlined comprehensive mitigation measures across various sectors (see table 4).

Nigeria is actively integrating JT principles into its climate action strategies. Central to these efforts is the **Climate Change Act** (2021), which established the National Council on Climate Change (NCCC). The NCCC develops and implements policies for green growth and sustainable development, including the **Long-Term Low Emissions Development Strategy** (LT-LEDS) and works on mechanisms for carbon trading and taxation and monitors emission targets.

Government programmes such as the "**Just Transition and Green Jobs**" project in cooperation with international partners such as ILO aim to develop policies to maximize employment generation while providing the necessary support to workers transitioning from emission-intensive sectors to sustainable industries. Notably, JT policies could generate **around 12 million new jobs in Nigeria**, if designed and enforced effectively, primarily through targeted skills development and reskilling programmes that prepare the labour force for employment in renewable energy sectors, such as training of oil engineers in renewable technologies and upskilling young people in solar installation.

Table 4: Just Transition - Mitigation measures in the energy sector (conditional)

Sector	Measure
Residential	48 % of population (26.8 million households) using LPG and 13 % (7.3 million households) using improved cookstoves by 2030
	Elimination of kerosene lighting by 2030
Energy efficiency	2.5 % per year reduction in energy intensity across all sectors
Transport	100,000 extra buses by 2030
	Bus Rapid Transport (BRT) will account for 22.1 % of passenger-km by 2035
	25 % of trucks and buses using CNG by 2030
	All vehicles meet EURO III emission limits by 2023 and EURO IV by 2030
Electricity generation	30 % of on-grid electricity from renewables (12 GW additional large hydro, 3.5 GW small hydro, 6.5 GW Solar PV, 3.2 GW wind)
	13 GW off grid renewable energy (i.e., mini-grids 5.3 GW, Solar Home Systems and streetlights 2.7 GW, self-generation 5 GW)

[38] Federal Ministry of Environment, Government of Nigeria. (2021). Nigeria's updated Nationally Determined Contribution (NDC). https://unfccc.int/sites/default/files/NDC/2022-06/NDC_File%20Amended%20_11222.pdf

[39] World Bank. (n.d.). Climate Change Knowledge Portal—Nigeria country overview. https://climateknowledgeportal.worldbank.org/country/nigeria

	Reduce grid transmission and distribution losses to 8 % of annual consumption of electricity in 2030, down from 15 % in 2018.
	100 % of diesel and single cycle steam turbines replaced with combined cycle
	Elimination of diesel and gasoline generators for electricity generation by 2030
Oil and gas	Zero gas flaring by 2030
	60 % reduction in fugitive methane emissions by 2031

Table 5: Just Transition - Mitigation measures in the agricultural sector (conditional)

SECTOR	MEASURE
Agriculture	Climate smart agriculture – a range of measures taken forward as an integrated approach to managing landscapes (e.g. cropland, livestock, forests and asheries)
	50 % of cultivated land adopts intermittent aeration of rice paddy fields
	50 % reduction in fraction of crop residues burnt by 2030
	Improved natural forest management (128,528 ha of natural forests in the southern belt and southwest quadrant of the country)
	Forest restoration (115,584 ha of degraded forest area across the states in the southern belt, southwest quadrant and in states located in the savanna ecological zone)
	Increased forest protection (46,219 ha of forest throughout the country)
Forestry and Other Land Use	Reduced fuelwood harvest (reduce the area of forestland used for fuelwood harvesting by 19,346 ha)
	Protection and restoration of mangrove forest ecosystems (13,012 ha of mangrove ecosystems across all the coastal states in the Niger Delta)

Source: Victoria Manya (2024). Decent Jobs for Youth and Women in Nigeria's Low-Carbon Transition, Nigeria Case Study. Retrieved from https://includeplatform.net/wp-content/uploads/2024/04/Final-draft-Nigeria-Case-study.docx-3-combined-1.pdf

Legal frameworks like the **Electricity Act** (2023) further bolster these efforts by encouraging renewable energy development through simplified licensing, incentivizing clean energy investments and establishing consumer protections. Similarly, the **Petroleum Industry Act** (PIA, 2021), while primarily focused on the oil and gas sector, mandates the Nigerian National Petroleum Corporation (NNPC) Limited to participate in renewable energy development. However, gaps remain, particularly in terms of equitable incentives for renewable energy.[40]

LABOUR MARKET IMPLICATIONS OF JUST TRANSITION

Nigeria faces unique **JT challenges** as a **petroleum-dependent economy** – oil accounts for about 90 % of export earnings and a significant share of government revenue (see chapter Macroeconomic Trends). A global transition away from fossil fuels over the coming decades could significantly impact Nigeria's fiscal stability and the communities reliant on oil production. One implication is the potential **job losses or transformations in the oil and gas sector** over the long term. While the oil sector directly employs a relatively small workforce, many more jobs are indirectly supported through contractors, servicing companies and public spending of oil revenues. A poorly managed transition could leave these workers and communities (notably in the Niger Delta oil-producing region) economically stranded. Planning for alternatives – such as diversifying the regional economy, retraining oil industry workers for other sectors and investing in environmental remediation projects – will be critical. The government has indicated that natural gas will be a

[40] International Labour Organization–Climate Action for Jobs platform: New findings from Nigeria reveal that effective climate policies can boost the economy, creating 12 million jobs. https://www.climateaction4jobs.org/new-findings-from-nigeria-reveal-that-effective-climate-policies-can-boost-the-economy-creating-12-million-jobs/; RMI. (2023, May 18). Closing Nigeria's power and green skills gaps: A pathway to increased energy access. https://rmi.org/closing-nigerias-power-and-green-skills-gaps-a-pathway-to-increased-energy-access/; Federal Republic of Nigeria. (2021). Petroleum Industry Act, 2021 (PIA). https://pia.gov.ng/wp-content/uploads/2022/08/PIA-2021_compressed-1.pdf

"transition fuel" in its Energy Transition Plan (ETP) towards the net-zero goal by 2060 which may prolong the need for oil-industry workers in the medium term.[41]

At the same time, climate action presents **opportunities for job creation in green sectors**. The biggest job creation potentials are found in agriculture, forestry and renewable energy.[42] For example, sectors like renewable power generation (solar, wind) and energy efficiency have huge growth potential given Nigeria's low current energy access – the ETP targets 30,000 MW of renewable electricity by 2030, which could create an estimated 340,000 jobs while expanding energy access.[43] Likewise, transitioning from traditional biomass (firewood and charcoal, currently engaging millions in informal work) to clean energy can open up new, safer forms of employment in manufacturing, installing and maintaining clean cookstoves, biogas or solar home systems.

A just transition for Nigeria also means **building the resilience** of those **most affected by climate change**. Climate impacts such as desertification, droughts and floods are already disrupting livelihoods and can amplify existing income inequalities. Transition policies must include adaptation measures that protect and create jobs – e.g. employing communities to build climate-resilient infrastructure (irrigation systems, flood defences) or to restore ecosystems (planting trees, restoring degraded land). To strengthen the resilience of communities, governments need to strengthen safety nets and support insurance mechanisms against climate shocks.[44]

Current policies and strategies have primarily focused on energy conservation and decarbonization efforts, lacking a specific emphasis on labour-based incentives and job creation. This imbalance places a disproportionate burden on the youth who are faced with the prevailing **conflict between environmental preservation and employment generation**. Labour unions have expressed concern regarding this clash and advocate for a more inclusive policy framework. In addition, disadvantaged groups, especially women and youth, face exclusion in decision-making processes, limiting their access to opportunities in the low-carbon transition.[45]

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[41] RMI. (2023). Closing Nigeria's power and green skills gaps: A pathway to increased energy access. https://rmi.org/closing-nigerias-power-and-green-skills-gaps-a-pathway-to-increased-energy-access/

[42] International Labour Organization–Climate Action for Jobs (2021). Effective climate policies can create 12 million jobs in Nigeria. https://www.climateaction4jobs.org/new-findings-from-nigeria-reveal-that-effective-climate-policies-can-boost-the-economy-creating-12-million-jobs/

[43] RMI. (2023). Closing Nigeria's power and green skills gaps: A pathway to increased energy access. https://rmi.org/closing-nigerias-power-and-green-skills-gaps-a-pathway-to-increased-energy-access/

[44] International Labour Organization–Climate Action for Jobs (2021). Effective climate policies can create 12 million jobs in Nigeria. https://www.climateaction4jobs.org/new-findings-from-nigeria-reveal-that-effective-climate-policies-can-boost-the-economy-creating-12-million-jobs/

[45] Manya, V. (2024). Decent jobs for youth and women in Nigeria's low carbon transition (Nigeria case study). INCLUDE Knowledge Platform. https://includeplatform.net/wp-content/uploads/2024/04/Final-draft-Nigeria-Case-study.docx-3-combined-1.pdf

2.7 Most relevant constraints and most promising opportunities – Framework conditions

Below is an overview of the most relevant constraints (factors hampering productive employment) and most promising opportunities (potential for creating or improving employment).

Most relevant constraints	Most promising opportunities
Geography and Resource Endowment	
• **Inadequate Infrastructure**: Poor transport networks (roads, rails) raise costs, reduce mobility, and isolate regions from larger markets. • **Environmental Degradation & Climate Vulnerabilities**: Environmental degradation, droughts, desertification, flooding and coastal erosion threaten livelihoods and job security, especially in agriculture. • **Uneven Development**: Economic activity concentrated in Lagos and the oil-rich Niger Delta, leaving other regions underutilized.	• **Abundant Natural Resources**: Large reserves (oil, gas, solid minerals) create scope for economic growth. • **Agricultural Potential**: 70 million hectares of arable land (only ~40 % cultivated) offer significant room for expansion and value chain development. • **Renewable Energy Prospects**: High solar and bioenergy potential (crop residue, animal waste) for creating green jobs and diversifying the energy mix. • **Strategic Location & Ports**: Coastal advantage along the Gulf of Guinea and major ports (Lagos, Port Harcourt) facilitate trade and logistics hubs.
Governance, Political and Institutional Environment	
• **Corruption & Weak Institutions**: Transparency International ranks Nigeria poorly, hindering efficient service delivery and deterring investment. • **Security Challenges**: Insurgencies, banditry & separatist unrest disrupt economic activity and public safety. • **Institutional Effectiveness**: Weak coordination among ministries and limited policy enforcement hampers long-term development initiatives. • **Weak Domestic Revenue Mobilization**: Low Tax-to-GDP Ratio, with ~6 % significantly below regional peers, constraints government spending. • **Gap in Green Policies**: Climate initiatives often focus on emissions reduction without robust labour-based incentives or social safeguards. • **Social Inclusion Challenges**: Women, youth, and vulnerable groups risk exclusion from decision-making and the benefits of low-carbon transitions.	• **Democratic Continuity**: Over two decades of uninterrupted civilian rule, creating scope for institutional reforms. • **Electoral and Anti-Corruption Reforms**: Use of technology in elections and stronger anti-corruption agencies can improve transparency and trust. • **National Policy Frameworks**: Policies like NA 2050, NDP 2021–2025, NEP and the National Youth Employment Action Plan (NIYEAP) aim to tackle unemployment and foster skill-development. • **International Partnerships**: ECOWAS, AfCFTA and int. organisations (e.g. World Bank, AfDB, GIZ) support infrastructure, skills development and investment climate reforms. • **Supportive Climate Policies**: National Council on Climate Change and NDCs lay groundwork for inclusive, low-carbon growth.
Macroeconomic Stability	
• **Dependence on Oil Revenues**: Dominance of the oil sector (90 % of export earnings) leads to fiscal and foreign-exchange vulnerability to oil price fluctuations. • **Currency Volatility & Inflation**: Sharp naira depreciation (41.4 % in 2024) and high inflation (>30 %) erode purchasing power and deter stable investment. • **Limited Growth in GDP per Capita**: Economic growth (~2–3 %) barely keeps pace with population growth (~2.6 %), curtailing improvements in living standards.	• **Modest but Positive Growth**: Recent GDP upticks (3.2 % in Q2 2024) point to room for carefully targeted expansion, especially in services and industry. • **Fiscal and Monetary Reforms**: Removal of fuel subsidies and forex market liberalization may foster efficiency, attract foreign investment in the medium term. • **Diversification Potential**: Ongoing efforts to broaden economic sectors (agriculture, manufacturing, digital economy) can spur job creation. • **Green Job Creation**: Climate-smart agriculture, reforestation, and renewables could generate up to 12 million new jobs by 2035.

Demography

- **Rapid Population Growth**: Annual growth of ~2.1–2.2 % strains infrastructure and job markets.
- **Regional Disparities**: Higher birth rates and lower education in the north intensify inequalities and hamper inclusive development.
- **Urban Overcrowding**: Accelerated rural-to-urban migration overwhelms housing and public services, escalating informal sector growth.
- **Demographic Dividend**: A vast, youthful labour force can promote innovation, productivity and consumer demand if appropriately skilled and employed.
- **Growing Domestic Market**: Large population underpins robust internal demand, attracting investors and facilitating scale economies.
- **Urbanization as Growth Driver**: Cities like Lagos or Abuja can catalyse service- and tech-driven job creation.

Migration

- **Brain Drain**: Skilled professionals (healthcare, academia) emigrating ("Japa"), undermining service quality and sector capacity.
- **Internal Displacement**: Over 2 million IDPs due to conflicts and insecurity, contributing to unemployment and poverty in host areas.
- **Irregular Influx**: Porous borders and limited enforcement complicate integration, esp. for low-skilled immigrants.
- **Sectoral Skill Gaps**: Emigration intensifies shortages in key sectors, creating need for costly foreign expertise.
- **Remittances**: High inflows (over USD 20 billion) support household incomes, education and consumption, with an impact on local economies.
- **Diaspora Engagement**: Initiatives by the Nigerians in Diaspora Commission can harness skills, capital and networks for domestic job creation.
- **Regional Mobility**: ECOWAS facilitates cross-border trade, entrepreneurship and labour market synergies.
- **Inward Migration Benefits**: Migrants and refugees contribute to sectors like construction and commerce, filling labour gaps and spurring MSMEs.

Just Transition Implications

- Widespread **dependence on diesel generators and biomass** (fuelwood, charcoal) → health risks, deforestation, and low-quality informal jobs.
- Risk of **stranded oil-producing communities** (e.g. Niger Delta) without adequate diversification and reskilling.
- **Weak labour-market focus in climate policy** (emissions prioritized over job creation).
- **Large job creation potential** in energy efficiency, clean cooking solutions and local manufacturing/ maintenance of solar, mini-grids and biogas systems.
- **Adaptation-focused employment**: flood defences, irrigation, ecosystem restoration, and resilient infrastructure.
- **Skills development**, reskilling and targeted inclusion of women and youth in green jobs (addressing exclusion from current decision-making).

3 Labour Demand

3.1 Key Actors

Table 6: Relevant actors supporting labour demand

Institution	Role & Tasks
Federal Ministry of Finance, Budget & National Planning (FMFBNP)	**Policy & Budgeting:** Manages fiscal policy, formulates national budgets, and coordinates economic planning, including strategic growth initiatives such as the National Development Plan. **Resource Allocation:** Distributes resources to priority sectors that foster private-sector growth and job creation.
Federal Ministry of Industry, Trade and Investment (FMITI)	**Trade & Industrial Policy:** Develops policies aimed at industrialization, diversification of exports, and enhancing business competitiveness. **SME Support:** Provides programmes and incentives to boost MSMEs.
Nigerian Investment Promotion Commission	**Investment Promotion:** Attracts and facilitates foreign and domestic investments through promotional incentives, streamlined business registration processes, and investor support services. **Enterprise Growth:** Provides advisory services and investor aftercare to ensure successful investment projects.
Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture	**Business Advocacy:** Represents business interests, engages with policymakers, and promotes a conducive regulatory and business environment. **Networking & Capacity Building:** Conducts business forums, capacity-building programmes, networking events, and training sessions to strengthen the private sector.
Small and Medium Enterprises Development Agency of Nigeria	**MSME Development:** Offers targeted support including training, advisory services, access to markets and financial linkages to help MSMEs scale and create jobs.
Sectoral Associations (e.g. Manufacturers Association of Nigeria (MAN), Nigeria Employers' Consultative Association)	**Sector-Specific Advancement:** Works to enhance productivity, technological advancement, market expansion and international competitiveness in specific industries. **Capacity Building:** Provides specialised training, mentorship, quality certification and advocacy to support enterprise growth, innovation & job creation.

For details on policies, please refer to the **Framework Conditions** chapter.

3.2 Key Sectors and Economic Structure

To assess **employment creation potential**, it is essential to examine **the current economic structure**, including key sectors with their growth and employment share and trends in the last years. It also requires an analysis of **emerging industries and growth sectors** that are likely to drive job creation in the future, especially sectors that contribute to the JT concept.

Composition of the Private Sector in Nigeria

Nigeria's private sector has a wide range of enterprises from micro, small and medium-sized enterprises (MSMEs) to large corporations. It is predominantly composed of MSMEs, which constitute about 96 % of all businesses in the country. They account for approximately 84 % of employment in the private sector, highlighting their critical role in job creation. In terms of economic output, MSMEs contribute nearly 50 % to the GDP, spanning various industries, including agriculture, manufacturing, retail and services.[46]

[46] MSME Africa. (2024, February 29). MSMEs generate 84% employment in Nigeria – ILO. https://msmeafricaonline.com/msmes-generate-84-employment-in-nigeria-ilo

Official Definition of MSMEs

In Nigeria, a revised definition of MSMEs based on criteria related to employee count and asset base has been issued in the MSME policy 2021-2025:

- **Nano/Homestead Enterprises**: Entities with 1-2 employees and a turnover less than NGN 3 million.
- **Micro Enterprises**: Businesses with 3-9 employees and a turnover of NGN 3-25 million.
- **Small Enterprises**: Businesses employing between 10 and 49 individuals, with a turnover between NGN 25 million and 99 million.
- **Medium Enterprises**: Businesses with 50 to 199 employees and a turnover of NGN 100 million and 999 million.[47]

Role of Corporates

Large corporations, both domestic and multinational, also play a significant role, particularly in sectors such as oil and gas, telecommunications and banking. They are instrumental in mobilising substantial investments, driving technological advancements and contributing to infrastructure development and are responsible for over 80 % of investment mobilised annually.[48]

Table 7: Largest private-owned Corporates in Nigeria

Company	Industry	Revenue in USD (approx.)	Foreign Investment	Ownership Type
MTN Nigeria	Telecommunications	3.5 billion	Yes (Subsidiary of MTN Group - South Africa)	Foreign majority
Dangote Cement	Cement	2.7 billion	Limited (Primarily domestic with some foreign investors)	Domestic majority
Flour Mills of Nigeria	Agroindustry	2.0 billion	Limited (Domestic with foreign shareholder minority)	Domestic majority
Airtel Nigeria	Telecommunications	1.5 billion	Yes (Subsidiary of Bharti Airtel - India)	Foreign majority
Nigerian Breweries	Agroindustry	890 million	Yes (Subsidiary of Heineken International - NL)	Foreign majority
Jumia	Retail	837 million	Yes (International investors, publicly traded abroad)	Foreign majority
Nestlé Nigeria	Agroindustry	749 million	Yes (Subsidiary of Nestlé S.A. - CH)	Foreign majority
Julius Berger	Construction	631 million	Yes (Subsidiary of Bilfinger Berger - GER)	Foreign majority
Lafarge Africa	Cement	602 million	Yes (Subsidiary of Holcim Group - CH)	Foreign majority
Dangote Sugar Refinery	Agroindustry	559 million	Limited (Primarily domestic with some foreign investors)	Domestic majority

Note: Revenue figures are approximate and based on the most recent available data as of 2022.

[47] Michigan State University—Food Security Group. (2023, April 13). RSM2SNF MSME review. https://www.canr.msu.edu/fsg/projects/RSM2SNF%20MSME%20Review%2013-04-2023.pdf
[48] Financial Reporting Council of Nigeria. (2024). SME Corporate Governance Guidelines 2024. https://frcnigeria.gov.ng/wp-content/uploads/2024/07/SMECorporateGovernanceGuidelines2024-3_compressed-2-1.pdf

Public sector

The **public sector** is a significant employer in Nigeria. As of 2022, Nigeria's federal public service employed approximately 720,000 individuals which represents only the federal level and does not include employees at state and local government levels for which specific data is not readily available. It is also important to note that public employment in Nigeria faces challenges, including fiscal constraints that affect salary payments and job stability, particularly at the state level.[49]

Basic Economic and Employment Structure

As outlined in the chapter Framework Conditions, the structure of Nigeria's economy has shown some shifts between 2018 and 2024. In 2018, **Services** accounted for just over half of GDP at around **52 %**, **Agriculture** contributed approximately **25 %**, and **Industry** (including Oil & Gas) made up the remaining **23 %**. By 2024, Services declined marginally to about **51 %**, Agriculture stood at **24 %**, and Industry rose to roughly **25 %** – a two-percentage-point increase. The uptick in Industry largely reflects improvements in **Mining & Quarrying (Oil & Gas)** and **Construction**, as government policies, like promoting local manufacturing, and private investment spurred both infrastructure projects and marginal expansions in the upstream oil sector.

Table 8: Sectoral GDP contribution in %

ACTIVITY DESCRIPTION*	2017	2018	2019	2020	2021	2022	2023	2024
AGRICULTURE, FORESTRY & FISHING	**26 %**	**25 %**	**24 %**	**24 %**	**25 %**	**26 %**	**25 %**	**24 %**
Food crops	18 %	17 %	16 %	16 %	17 %	17 %	16 %	16 %
Export crops	3 %	3 %	2 %	2 %	2 %	3 %	3 %	2 %
Livestock & livestock products	2 %	2 %	3 %	3 %	3 %	3 %	3 %	3 %
Forestry	2 %	2 %	2 %	2 %	2 %	2 %	2 %	2 %
Fishing	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
INDUSTRY	**22 %**	**23 %**	**23 %**	**20 %**	**22 %**	**23 %**	**24 %**	**25 %**
Mining & quarrying (Oil & Gas)	10 %	10 %	9 %	7 %	8 %	9 %	10 %	11 %
Total Manufacturing	8 %	8 %	9 %	8 %	9 %	9 %	9 %	9 %
... of which: Food, beverages & tobacco	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
... Textiles, apparel, etc.	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
... Chemicals, plastics	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
... Other manufacturing	3 %	3 %	4 %	3 %	4 %	4 %	4 %	4 %
Electricity, gas, steam supply	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
Water & waste management	0 %	0 %	0 %	1 %	1 %	1 %	1 %	1 %
Construction	3 %	4 %	4 %	3 %	4 %	4 %	4 %	5 %
SERVICES	**52 %**	**52 %**	**53 %**	**56 %**	**53 %**	**51 %**	**51 %**	**51 %**
Trade & transport	15 %	16 %	16 %	18 %	17 %	16 %	16 %	16 %
...Maintenance of motor vehicles	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
...Wholesale & retail trade	8 %	9 %	9 %	10 %	9 %	8 %	8 %	8 %
...Transport & storage	6 %	6 %	6 %	7 %	7 %	7 %	7 %	7 %

[49] Daily Post Nigeria. (2022, June 23). IPPIS: 720,000 public servants working at federal level – BPSR. https://dailypost.ng/2022/06/23/ippis-720000-public-servants-working-at-federal-level-bpsr

Other services	37 %	36 %	37 %	38 %	36 %	35 %	35 %	35 %
...Hotels & restaurants	2 %	2 %	2 %	2 %	2 %	2 %	2 %	2 %
...Information & communication	9 %	9 %	10 %	11 %	10 %	9 %	9 %	9 %
...Financial services	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
...Real estate	6 %	6 %	6 %	6 %	6 %	5 %	5 %	5 %
...Professional & technical	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
...Public administration & defence	6 %	6 %	6 %	6 %	6 %	5 %	5 %	5 %
...Education	3 %	3 %	3 %	2 %	3 %	3 %	3 %	3 %
...Health & social work	3 %	3 %	3 %	3 %	3 %	2 %	2 %	2 %
...Other services	2 %	1 %	1 %	2 %	1 %	3 %	3 %	3 %

Source: National Accounts Data, NBS (2024). Minor discrepancies in totals in the upper categories due to rounding.

According to the **Labour Force Survey (2023)**, approximately **43 %** of the labour force is employed in Agriculture, **45 %** in Services, and **12 %** in Industry. Moreover, upwards of **80 %** of the labour force is engaged in informal activities, predominantly in subsistence agriculture, small-scale retail trade, and personal services. While the informal economy constitutes a large share of national employment and provides vital income to many households, underreporting and a lack of formal registration pose challenges to accurately measuring its full GDP contribution.[50]

Employment-Related Indicators in Major Economic Sectors (2018–2023)

This section presents a detailed analysis of Nigeria's economic performance across major sectors from 2018 to 2023, focusing on four key indicators:

- **Sectoral Per Capita GDP Growth Rate** – how much each worker's output in a sector changed over time,
- **Sectoral Employment Growth Rate** – whether the sector is hiring more people or shedding jobs,
- **Sectoral GDP Growth Rate** – how quickly the sector's total output is expanding, and
- **Sectoral Employment Elasticity** – the ratio of employment- to GDP-growth in that sector.

By combining these indicators, we can identify whether sectors expand primarily through increased capital investments (lower employment elasticity) or through labour-intensive methods (higher elasticity).

Between 2018 and 2023, Nigeria's GDP grew at an **average annual rate of approximately 2.94 %**, with similar growth in per capita GDP. However, employment creation lagged behind significantly, expanding at only about 1.62 % annually. This indicates a key challenge for Nigeria: despite economic growth, the economy is **not generating enough employment opportunities** to fully absorb the increasing workforce. The resulting **employment elasticity of 0.55** suggests that for every 1 % increase in GDP, employment rose by only 0.55 %, highlighting the crucial need to address employment creation through targeted policies. Factors contributing to this gap include greater

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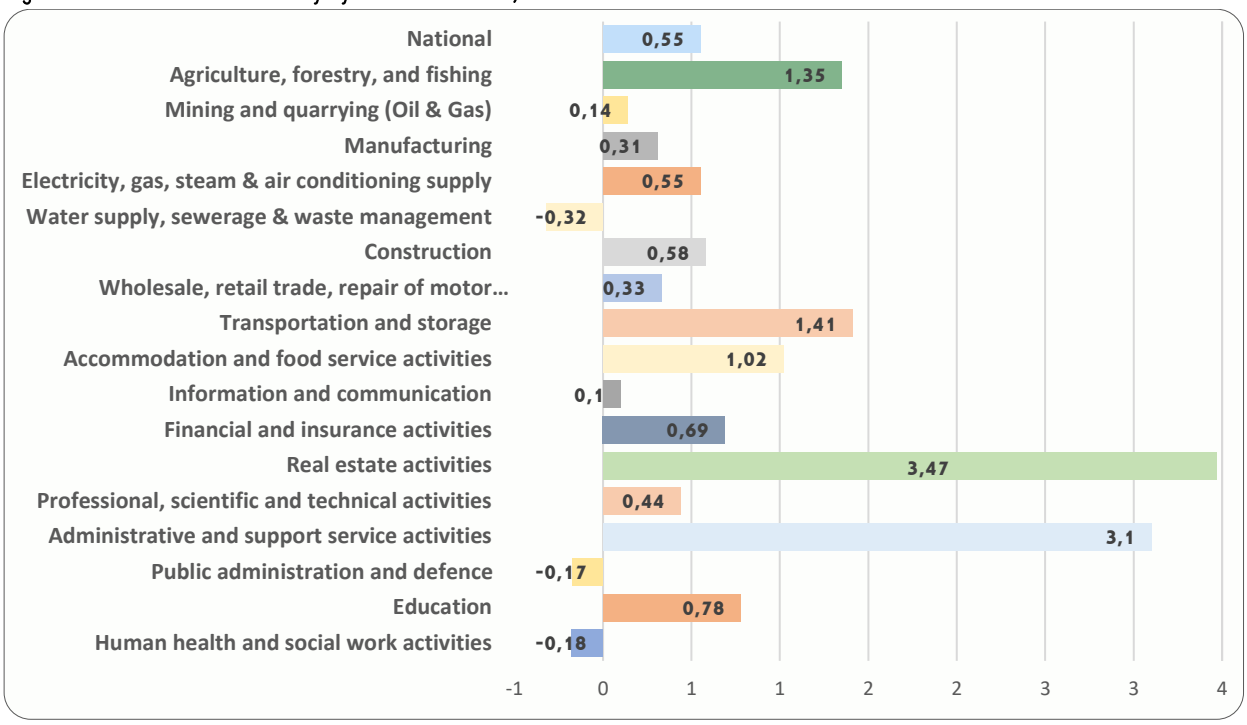
[50] National Bureau of Statistics (NBS). (2025). Nigerian Gross Domestic Product: Q4 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1157/Q4_2024_GDP_Report.pdf; National Bureau of Statistics. (2023). Nigeria Labour Force Survey (various Qs in 2023). https://nigerianstat.gov.ng/elibrary/read/1241269; Central Bank of Nigeria (CBN). (2023). Statistical Bulletin 2023. https://www.cbn.gov.ng/Documents/Statbulletin.asp

reliance on capital-intensive industries, technological advances, and productivity improvements that enable economic growth without proportional increases in employment.

Figure 7: Labour Market Elasticity by Economic Sector, 2018-2023



Source: Author's computation using National Accounts Data (NBS, 2024) and Labour Force Surveys (2018–2023).

Sector-wise analysis reveals diverse trends:

- **Agriculture, Forestry and Fishing** grew modestly at 3.1 % between 2018 and 2024, yet employment rose faster at 4.2 %, reflecting the sector's labour-intensive nature and effectiveness of initiatives to promote mechanisation and local food production.
- **Mining and Quarrying** (Oil & Gas), despite its significance to national revenue, saw limited job creation (0.2 %) relative to GDP growth (1.4 %), indicating high capital intensity and reliance on advanced technology.
- **Manufacturing** experienced robust GDP growth at 4.8 % but a moderate employment increase (1.5 %), due to significant automation and technological integration limiting new employment opportunities.
- **Electricity, Gas, Steam, and Air Conditioning Supply** expanded notably (6.2 % GDP growth), driven by infrastructure improvements and privatization. However, employment rose less rapidly (3.4 %), as capital investments predominantly drove growth.
- **Water Supply, Sewerage and Waste Management** had a GDP growth of 2.5 % but experienced negative employment growth (-0.8 %), signifying enhanced technological efficiencies and reduced labour force requirements.
- **Construction** saw a GDP increase of 5 % and employment growth of 2.9 %, driven by infrastructure projects and real estate developments, with moderate elasticity (0.58) reflecting the impact of mechanisation.
- **Wholesale, Retail Trade & Repair** grew at 3.9 %, with employment growth slower at 1.3 %, tempered by technological advances and emerging e-commerce reducing job growth relative to output.

- **Transportation and Storage** exhibited strong employment elasticity (1.41), with GDP growth at 4.1 % and employment significantly higher at 5.8 %, fuelled by expanding logistics networks and e-commerce demand.
- **Accommodation and Food Services** displayed high employment elasticity (1.02), indicating near parity between GDP growth (8.4 %) and employment (8.6 %), supported by tourism, urbanisation and lifestyle shifts.
- **Information and Communication** expanded rapidly (10.5 % GDP growth), but employment lagged significantly (1 %), reflecting productivity-driven growth in high-tech services with minimal additional labour needs.
- **Financial and Insurance** grew substantially at 5.8 %, with an employment increase of 4 %, driven by digital banking expansion but balanced by the necessity of skilled labour.
- **Real Estate Activities** demonstrated extremely high employment elasticity (3.47), as modest GDP growth (1.5 %) resulted in substantial employment increases (5.2 %), highlighting labour dependency in the sector.[51]

3.3 Constraints on Labour Demand

Nigeria faces a critical challenge in generating sufficient jobs for its rapidly growing population. Until 2030, **over 40 million additional jobs** are needed to absorb new entrants into the labour force. MSMEs are crucial to job creation. However, **various constraints** in Nigeria's economic landscape have curtailed the demand for labour by limiting business growth and hiring.[52]

The constraints on employment demand occur at multiple levels. **Macro-level constraints** include the countries general framework and economic conditions (see chapter Framework Conditions) and external shocks such as global crises, natural disasters, conflicts and pandemics. **Meso-level constraints** relate to structural factors like inadequate infrastructure and weak support institutions (e.g. chambers of commerce, MSME agencies), making it more difficult for firms – especially MSMEs – to thrive. **Micro-level constraints** emerge directly within individual companies, such as limited managerial and technical capacity, insufficient finances and a general lack of entrepreneurial or business-relevant skills.

This chapter focusses mainly on **competitiveness constraints on meso- and micro-level** as well as selected infrastructure and regulatory barriers that affect the private sector in Nigeria as a whole. Below is an analysis of these constraints, drawing on international and national sources. Sectoral constraints are furthermore described in the chapter Sectoral Analysis.

Institutional and Regulatory Barriers to Enterprise Growth in Nigeria

A key constraint is the **challenging business environment and governance issues**. Cumbersome regulations, difficulty in securing licenses or permits and unpredictable policy shifts create uncertainty for investors. Entrepreneurs must navigate a maze of federal, state and local regulations – often facing overlapping licenses, permits and fees that increase compliance costs. The PricewaterhouseCoopers MSME Survey 2024 of Nigerian SMEs found that a "**multiplicity of taxes**" is a common challenge that increases the cost of doing business. While the government

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[51] National Bureau of Statistics. (2018–2024). Labour Force Survey (various years). https://nigerianstat.gov.ng/elibrary; National Bureau of Statistics. (2025). GDP Q4 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1157/Q4_2024_GDP_Report.pdf

[52] World Bank. (2021). More and more productive jobs for Nigeria. https://www.worldbank.org/en/country/nigeria/brief/more-and-more-productive-jobs-for-nigeria

has made progress in easing business registration and improving the regulatory climate, problems like multiple taxation, corruption, contract enforcement issues and bureaucratic bottlenecks remain, which are effectively a tax that discourages entrepreneurs from expanding operations or entering the formal economy. Governance challenges also manifest in macroeconomic management: high inflation and currency instability in recent years have hurt business confidence.[53]

Infrastructure Deficiencies

Infrastructure deficits, most critically in electricity supply, but as well in transport infrastructure raises operating costs and discourages expansion of businesses which often need to rely on costly generators or face slow transport of goods. These gaps impact industrial and service sector growth, constraining the number of jobs employers can offer. Estimates suggest that infrastructure deficiencies cost Nigeria about 4 % of GDP growth annually, e.g. an estimated 20 %–40 % of agricultural produce is lost post-harvest due to gaps in power supply, storage and transportation.[54]

Access to Finance

Access to finance remains a critical barrier to the growth and sustainability of MSMEs. Recent assessments indicate that over 90 % of MSMEs identify **access to finance** as their most significant **obstacle to expansion**. However, banks have allocated less than 1 % of their total lending to this MSMEs, resulting in an annual financing gap exceeding USD 156.1 billion.[55] Limited access to finance is also linked to **low productivity** with many MSMEs exhibiting low output per worker due to outdated processes and equipment. Without improvements in productivity and skills, hiring additional workers may not be economically viable for these firms.

In response, the International Finance Corporation (IFC) has partnered with financial institutions to enhance access to finance for MSMEs. For instance, in February 2023, IFC announced a USD 30 million loan to Union Bank of Nigeria Plc to expand lending to businesses in critical sectors, including food, healthcare, manufacturing and services. Additionally, in October 2024, the Central Bank of Nigeria signed an agreement with IFC to expand local currency financing, aiming to reduce foreign exchange risks and increase investments in sectors such as agriculture, housing, infrastructure, energy and the creative industry.[56]

Entrepreneurial Constraints

Capacity constraints of MSMEs impact economic growth and labour demand. Many MSMEs operate informally, lacking formal business plans, proper record-keeping and registration, which hinders their access to finance, adoption of new technologies and integration into formal supply chains. In addition, a notable skills gap exists within MSMEs, affecting both management and the workforce. Limited managerial expertise leads to inefficient operations and challenges in scaling production. Additionally, workers often lack the technical skills required by growing industries. Further information on skills gaps can be found in the chapter on Labour Supply.

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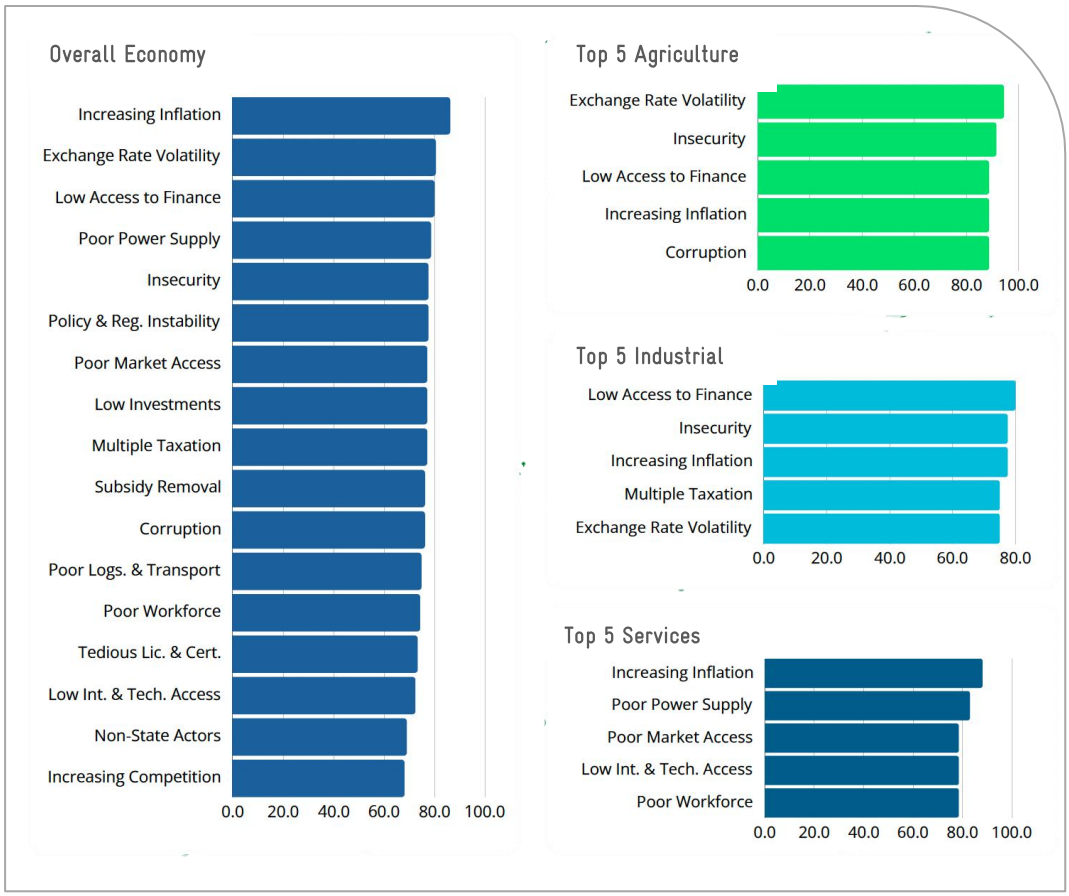
[53] PwC Nigeria. (2024). MSME Survey Report 2024. https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-report-2024.pdf
[54] International Finance Corporation. (2020). Country private sector diagnostic: Creating markets in Nigeria (Crowding in the private sector). https://www.ifc.org/content/dam/ifc/doc/mgrt/cpsd-nigeria.pdf
[55] International Finance Corporation. (2022, November). Nigeria supply chain finance market assessment. https://www.ifc.org/content/dam/ifc/doc/2023-delta/ifc-nigeria-supply-chain-finance-market-assessment-nov2022.pdf
[56] World Bank Blogs. (2022). Tackling access to finance for micro, small and medium enterprises in Nigeria: The Development Bank of Nigeria. https://blogs.worldbank.org/en/africacan/tackling-access-finance-micro-small-and-medium-enterprises-nigeria-development-bank

The additional **absence or weakness of supportive institutions and policies** for enterprise development is another constraint. Until recently, active labour market and MSME support policies (like entrepreneurship support, training support or wage subsidies) were minimal. Industrial policies have often been inconsistent, leading to a tough competitive international environment for domestic producers.[57]

According to a 2024 survey by the Nigeria Business Leader Group – a prominent association representing Nigerian private-sector stakeholders – key challenges faced by businesses – as outlined above – were rising inflation, exchange rate volatility, limited access to finance, poor power supply and insecurity (see figure 7 below).

Figure 8: Constraints to the Private Sector (Businesses) by Weighted Ranking of Importance of Indicators



Source: NBLG 2024

3.4 Opportunities for Employment Creation

Strategic enablers to expand the capacity for job creation include:

- **Entrepreneurship and Start-up Support** – through incubators, mentorship and financing – to support new business growth and economic diversification.
- **Industry and Technology Parks** offer shared infrastructure and specialised facilities to attract investment and support rapid business growth.

[57] MSME Africa. (2024, June 24). World Bank urges Nigeria to remove barriers to private sector growth, unlock $20bn investments. https://msmeafricaonline.com/world-bank-urges-nigeria-to-remove-barriers-to-private-sector-growth-unlock-20-billion-investments

- **Export Potential and Promotion** to access broader markets, boosting production and employment across multiple sectors.
- **Investment Promotion to attract foreign** capital in **strategic sectors.**

Below, the **most prominent potential strategic enablers** for Nigeria will be described, while highlighting their constraints and ways to contribute to sustainable job creation.

Entrepreneurship and Start-up Support in Nigeria

Entrepreneurship in Nigeria spans a broad spectrum of activities – from small-scale retail ventures to high-potential, technology-driven start-ups. Both contribute to job creation and economic development, although each has distinct characteristics and growth trajectories. Traditional small-scale businesses largely target established market needs, while innovation-led start-ups (often simply referred to as "start-ups") focus on disruptive or technology-intensive solutions.

According to recent data from the Corporate Affairs Commission (CAC), **over 3 million business name registrations** occurred between 2019 and mid-2023. This upward trend reflects both the growing interest in self-employment and the expanding formalisation of MSMEs. While detailed sectoral breakdowns indicate that trade, services and food-related businesses dominate these registrations, technology-enabled start-ups are rapidly gaining momentum.[58]

On the policy side, entrepreneurship in Nigeria has been supported primarily by the Federal Ministry of Industry, Trade and Investment (FMITI) and the Federal Ministry of Communications and Digital Economy (FMCDE). The **National Digital Economy Policy and Strategy** (2020–2030) sets out measures to strengthen digital infrastructure, expand e-governance and foster tech start-ups, while the **Nigeria Start-up Act** (2022) introduces fiscal incentives (e.g. tax holidays), simplifies business registration and clarifies regulations for emerging areas like digital lending and crypto. See further information in the chapters Framework Conditions and ICT in Sectoral Analysis.

Nigeria's **start-up ecosystem** has experienced significant growth and transformation between 2020 and 2024. Lagos remains the epicentre of Nigeria's start-up ecosystem, hosting approximately 90 % of the country's tech start-ups. The city is home to a vibrant community of entrepreneurs, investors and support organisations. Prominent stakeholders include:

- **Co-Creation Hub (CcHUB):** Tech innovation centre which offers incubation programmes, seed funding and community-building events.
- **Ventures Platform:** Focused on pre-seed and seed-stage investments, offering a mentorship network across various verticals, including fin-tech, health-tech and ed-tech.
- **Seedstars Lagos and Start-up BootCamp AfriTech:** International accelerators hosting local cohorts, providing global exposure and structured training for founders.
- **Leadspace by Passion Incubator:** Emphasises go-to-market strategies, offering a range of services from shared workspaces to accelerator programmes.

Key sectors for start-ups are fin-tech, agri-tech, ed-tech, health-tech, e-commerce and renewable energy. The fin-tech sector continues to dominate, driven by a large unbanked population and increasing demand for digital financial services. Agri-tech and health-tech have also grown notably

[58] Corporate Affairs Commission (CAC). (2023). Annual Report 2023. https://www.cac.gov.ng

while sectors like logistics and security tech are emerging, contributing to the diversification of the start-up landscape. See more details in the chapter ICT in Sectoral Analysis.[59]

Challenges for start-ups are similar to the barriers outlined in the chapter Constraints, while access to finance remains a main obstacle and many entrepreneurs have to rely on personal savings or informal lending from family and friends. However, venture capital (VC) funding has grown over the last four years, with fin-tech continuing to dominate as the leading investment magnet. In 2022 alone, start-ups attracted over USD 1 billion in disclosed funding, accounting for nearly a third of all African start-up investments [60] Yet, early-stage funding beyond seed rounds remains limited. Although the number of angel investors and local VC firms has increased, the ecosystem still grapples with gaps in follow-on funding for scaling ventures. Government-led initiatives such as the Development Bank of Nigeria (DBN) and the Bank of Industry (BoI) have introduced targeted financing solutions – often in collaboration with international development partners – but bureaucratic processes slow disbursement to founders.

Emerging opportunities include leveraging the recently enacted Nigeria Start-up Act and fin-tech guidelines to unlock growth in segments like micro-insurance, digital asset exchanges and advanced lending solutions. Additionally, the country's youthful demography and increasing internet penetration present significant potential for e-learning, digital entertainment and social commerce platforms. Strengthening collaboration between government, academia and industry will also be essential, fostering robust R&D ecosystems to drive locally relevant innovation.[61]

Industrial Parks and Special Economic Zones in Nigeria

Nigeria's network of Industrial Parks (IPs) and Special Economic Zones (SEZs) aim to attract both domestic and foreign investments, create employment opportunities and boost export revenues, playing a vital role in the country's industrialisation strategy. As of 2025, Nigeria has established **42 Free Zones** across the country, with over **500 licensed enterprises** operating within them. The Nigeria Export Processing Zones Authority (NEPZA) provides an incentive scheme and support facilities for export manufacturing and other commercial activities.[62]

Nigeria's SEZs have attracted over **USD 300 billion in investments** and contributed over **NGN 650 billion to government revenue**. The Lagos Free Zone (LFZ), for instance, has received USD 2.75 billion in investments over the past decade, creating 4,000 direct jobs, 25 % of which are filled by inhabitants of the host communities in Ibeju Lekki, Lagos.[63] By 2035, the LFZ aims to have over 150 companies fully operational, projected to generate 40,000 jobs and contribute 2-3 % to the GDP.[64]

Main Industrial Parks and SEZs are:

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[59] Partech Partners. (2023). 2022 Africa tech venture capital report. https://partechpartners.com
[60] Partech Partners. (2023). 2022 Africa tech venture capital report. https://partechpartners.com
[61] JICA Nigeria. (2023). Economic report 2023. https://www.jica.go.jp/english/overseas/nigeria/information/topics/2023/EcoReport2023.html; Financial Times. (2024, Oct 29). Nigeria-based fintech Moniepoint gains 'unicorn' status. https://www.ft.com/content/9bc03560-a958-4afa-b535-c2cbc9d58560?utm_source=chatgpt.com; Sun Connect. (2022). The Nigerian Startup Ecosystem Report 2022. https://sun-connect.org/wp-content/uploads/The-Nigerian-Startup-Ecosystem-Report-2022.pdf
[62] Nigeria Export Processing Zones Authority (NEPZA). (n.d.). Free zones. https://nepza.gov.ng/free-zones/
[63] African Perceptions. (2025, February). Special economic zones at the heart of Nigeria's economic resurgence. https://africanperceptions.org/en/2025/02/special-economic-zones-at-heart-of-nigerias-economic-resurgence
[64] Lagos Free Zone. (n.d.). About Lagos Free Zone. https://www.lagosfreezone.com

- **Lagos Free Zone (LFZ)**: Nigeria's first deep-sea port-based, private SEZ, strategically integrated with the Lekki Deep Sea Port. The LFZ provides an integrated industrial ecosystem for efficient import and export operations.
- **Kano Free Trade Zone**: Located in northern Nigeria, this zone serves as a hub for various industries, including textiles and agro-processing. It offers investors a one-stop shop for economic activities in the region.
- **Calabar Free Trade Zone**: Situated in south-eastern Nigeria, this zone focuses on oil and gas, manufacturing and logistics, providing infrastructure and incentives for businesses.
- **Special Agro-Industrial Processing Zones (SAPZs)**: The SAPZ programme aims to link agriculture to agro-industrialisation. Phase II of the programme is underway to expand to an additional 24 states in Nigeria over the next three years.[65]

Despite progress, Nigeria's industrial zones and SEZs face **several challenges**. With regard to investments, these are similar to the general issues outlined in the chapter Constraints. SEZ specific issues as reported in the business press are:

- **Outdated Legal Framework**: The Free Zone Act of 1992, which governs SEZs, has not kept pace with current economic realities and affects the competitiveness of SEZs and their ability to attract FDI.[66]
- **Infrastructure Deficiencies**: Many SEZs suffer from inadequate infrastructure, including unreliable power supply, poor road networks and insufficient water and sanitation facilities. These deficiencies increase operational costs and deter potential investors.
- **Environmental and Social Concerns**: The development of SEZs has sometimes led to environmental degradation and displacement of local communities, e.g. the construction of large industrial complexes in the LFZ has disrupted local livelihoods and ecosystems.[67]
- **Limited Integration with Local Economies**: SEZs often operate in isolation from the broader economy, limiting their impact on local employment and supply chains. This disconnect reduces the potential for technology transfer and economic spillovers.

Export promotion

Despite Nigeria's traditional dependence on crude oil, recent years have witnessed growing momentum toward diversifying into non-oil sectors. A more than 20 % year-on-year growth reflects ongoing efforts to diversify its export base beyond crude oil. **Non-oil exports** increased to **USD 5.46 billion** in the first quarter of 2025, compared to USD 4.52 billion in the first quarter of 2024. However, the non-oil **export volume remains modest** compared to countries like Morocco, which achieved an export volume of approximately USD 40 billion in the same period.[68]

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[65] International Finance Corporation. (2025, January 7). IFC invests in Lagos Free Zone to support industrial growth and economic diversification. https://www.ifc.org/en/pressroom/2025/ifc-invests-in-lagos-free-zone-to-support-industrial-growth-and-economic-diversifi; African Development Bank Group. (2024, Dec 10). Nigeria's Special Agro Industrial Processing Zones (SAPZ) Phase II boosted with $2.2 billion investment interest at AIF 2024. https://www.afdb.org/en/news-and-events/nigerias-special-agro-industrial-processing-zones-sapz-phase-ii-boosted-whopping-22-billion-investment-interest-africa-investment-forum-aif-2024-79429

[66] MSME Africa. (2025). Nigeria's free trade zones attract $300 billion—but challenges remain. https://msmeafricaonline.com/nigerias-free-trade-zones-attract-300-billion-but-challenges-remain

[67] The Guardian. (2024, June 3). Lagos, Nigeria: Dangote industrial complex—refinery & fertiliser plant (Global development). https://www.theguardian.com/global-development/article/2024/jun/03/lagos-nigeria-dangote-industrial-complex-refinery-fertiliser-plant

[68] African Trade Chamber. (2025, May 2nd). Nigeria: NEPC – Non-Oil Exports Hit $5.46 Billion in First Quarter. https://www.linkedin.com/pulse/nigeria-nepc-non-oil-exports-hit-546-billion-first-rdz1f/

Substantial potential for export growth, especially in agriculture, manufacturing, minerals and service exports, has been attested by several international assessments, highlighting agricultural commodities, including cocoa, sesame, cashew nuts, ginger and hibiscus. The most promising levers are to strengthen agricultural value addition by investing in modern processing and international certifications; to enhance infrastructure – particularly transportation, warehousing and energy – to lower logistics costs. The World Bank and International Trade Centre specifically underline cocoa and sesame as high-potential products, noting that increased investment in processing facilities, quality assurance and international certification could significantly promote exports. Additionally, Nigeria's cashew exports, already prominent in Asian markets, could achieve higher value through enhanced domestic processing and packaging capabilities.[69] See further information in the chapter Sectoral Analysis.

In **manufacturing** – particularly textiles, leather goods and cement – targeted investments in SEZs, such as in Kano or Aba, have begun to attract international manufacturers interested in leveraging Nigeria's sizeable regional market, especially under the African Continental Free Trade Area (AfCFTA). In addition, IMF emphasises that improved regulatory oversight and formalisation of artisanal mining could add additional export revenues for solid minerals such as zinc, lead or gold.[70]

Within the **Service** sector, **digital services** have a particular export potential, specifically fin-tech, software development and digital entertainment. UNCTAD highlights the fin-tech industry and IT outsourcing capabilities as increasingly attractive to investors, reflecting growing confidence in the digital ecosystem.[71]

Yet, in addition to the general constraints mentioned above, the **lack of export readiness and know-how among MSMEs** remains a major problem.[72]

Export Promotion Institutions and Frameworks

Nigeria's government supports the non-oil export sector by various **institutions and policy measures**. The **Nigeria Export Promotion Council (NEPC)** coordinates activities such as capacity-building, market linkage facilitation and product certification guidance, focusing primarily on agriculture, manufacturing and service sectors. Additionally, the **Nigerian Export-Import Bank** (NEXIM) provides financial support through instruments like export credit guarantees, trade finance and project financing which help mitigate financial risks and challenges, particularly for MSMEs. Government initiatives such as the **Export Expansion Grant** (EEG) and the **Zero Oil Plan** further support diversification into non-oil sectors.

However, **critical voices** from sector associations such as the Manufacturing Association of Nigeria (MAN) question the effectiveness of these frameworks, highlighting issues such as inconsistent implementation, bureaucratic inefficiencies, limited accessibility to financial resources by MSMEs and inadequate funding. Stakeholders have noted multiple suspensions and reactivations of the

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[69] International Trade Centre. (2023). Export Potential Map: Nigeria. https://exportpotential.intracen.org; African Development Bank. (2023). African Economic Outlook–Nigeria chapter. https://www.afdb.org

[70] African Development Bank. (2023). African Economic Outlook–Nigeria. https://www.afdb.org; International Monetary Fund. (2023). Nigeria: 2023 Article IV consultation–staff report. https://www.imf.org

[71] United Nations Conference on Trade and Development. (2022). Digital Economy Report 2022. https://unctad.org

[72] African Development Bank. (2023). African Economic Outlook–Nigeria. https://www.afdb.org; International Monetary Fund. (2023). Nigeria: 2023 Article IV consultation–staff report. https://www.imf.org

EEG scheme, creating uncertainty among exporters. Additionally, there are concerns about delayed reimbursements, leading to liquidity challenges.[73]

Foreign Direct Investment in Nigeria

During the past five years, Foreign Direct Investment (FDI) in Nigeria has witnessed considerable fluctuations due to both domestic challenges and shifting global economic conditions. Due to Nigeria's challenge to create a stable and attractive investment environment, **FDI decreased** from approximately USD 2.3 billion in 2020 to USD 1.87 billion by 2023.[74]

However, certain sectors have continued to attract substantial FDI. For example, in the second quarter of 2024, Nigeria's **banking sector attracted most** with USD 1.12 billion, representing 43 % of total imported capital. The UK remains the **leading source of FDI** with USD 1.12 billion (43 % of total capital inflow) in the same period. Other notable contributors include South Africa with USD 582.34 million (17 %) and the Cayman Islands with USD 186.21 million (5.5 %).[75] In addition, several prominent investment announcements were made in late 2024:

- **Coca-Cola** announced plans in September 2024 to invest USD 1 billion over five years to strengthen supply chains and enhance local production facilities and labour force training.
- **ExxonMobil** revealed a USD 10 billion investment plan focused on offshore oil in 2024. The Owo project is expected to add 50,000 barrels per day to Nigeria's oil production.
- A USD 1.2 billion deal was also made with the **China National Chemical Engineering Company (CNCEC)** in November 2024 to refurbish a critical gas processing plant, supporting Nigeria's strategy to become a key player in aluminium production.[76]

On the other hand, certain sectors experienced **divestment** due to the challenging operating environment. In 2023, GlaxoSmithKline Consumer Nigeria, Procter & Gamble, Unilever Nigeria and Sanofi, among others, exited Nigeria. The divestment in the manufacturing sector has been mainly due to difficulty in accessing foreign exchange, insecurity and infrastructure deficits which substantially disrupted operations.[77]

Nigeria actively **promotes FDI** through the Nigerian Investment Promotion Commission (NIPC), a federal agency established to coordinate and facilitate investments across the country. It serves as the primary liaison between investors and government agencies and offers guidance on regulatory compliance, investment incentives and sector-specific opportunities.[78] To attract and retain foreign investors, a range of **incentives** is offered:

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[73] The Punch. (2024). Stop taxes on export grants, MAN urges govt. https://punchng.com/stop-taxes-on-export-grants-man-urges-govt

[74] Macrotrends. (n.d.). Nigeria—Foreign direct investment. https://www.macrotrends.net/global-metrics/countries/NGA/nigeria/foreign-direct-investment

[75] National Bureau of Statistics. (2024). Gross Domestic Product Q2 2024. https://www.nigerianstat.gov.ng/download/1241549

[76] Reuters. (2024, Nov 12). Nigeria signs $1.2 billion deal to revamp gas plant for aluminium smelter. https://www.reuters.com/markets/commodities/nigeria-signs-12-billion-deal-revamp-gas-plant-aluminium-smelter-2024-11-12/; Reuters. (2024, September 26). Exxon plans $10 billion oil investment in Nigeria, presidency says. https://www.reuters.com/business/energy/exxon-plans-10-billion-oil-investment-nigeria-presidency-says-2024-09-26/; Reuters. (2024, Nov 12). Nigeria signs $1.2 billion deal to revamp gas plant for aluminium smelter. https://www.reuters.com/markets/commodities/nigeria-signs-12-billion-deal-revamp-gas-plant-aluminium-smelter-2024-11-12/

[77] Nigerian Economic Summit Group (NESG). (2024, February 27). Nigeria's private sector in turbulent time: Mitigating risks and positioning for economic transformation. https://app.nesgroup.org/download_resource_documents/NESG%20Private%20Sector%20Macroeconomic%20Outlook%202024_1709200566.pdf

[78] Nigerian Investment Promotion Commission. (n.d.). Investment opportunities & incentives (portal). https://www.nipc.gov.ng

- **Pioneer Status Incentive (PSI)**: Provides qualifying companies with a tax holiday of up to five years. In 2023, 34 companies were granted PSI.[79]
- **Capital Allowances**: Investments in qualifying assets can benefit from accelerated depreciation rates.
- **Repatriation of Profits**: Foreign investors are guaranteed the unrestricted transfer of profits and dividends.
- **Import Duty Exemptions**: Certain sectors, such as agriculture and manufacturing, may qualify for exemptions on import duties for machinery and equipment.[80]
- **SEZs**: Designated areas like the Lekki Free Trade Zone offer additional benefits, including streamlined customs procedures and infrastructure support (see subchapter about SEZs).

3.5 Sectoral Analysis

Based on identified **growth and employment potential** (see chapter 3.2), as well as relevance for **a Just Transition** – and in line with GIZ guidance – several sectors and subsectors have been selected for a more in-depth assessment of their **capacity to generate jobs** in Nigeria. These priority areas, which also align with the country's **development strategies**, include:

- Agriculture and Agri-food Processing
- Information and Communication Technology (ICT)
- Manufacturing
- Construction & Green Construction
- Energy & Renewable Energy
- Creative Industries

Readers interested in complementary details on labour force and skills development within these sectors can refer to the chapter on Labour Supply.

Agriculture and Agro-Processing Sector Analysis

Agriculture remains vital to Nigeria' economy. It contributes significantly to GDP and has consistently been the largest employer (see figures in chapter 3.2), driving inclusive growth, reducing rural poverty and securing national food supply.[81] There are four main subsectors:

Crop Production: Major staples include cassava, rice, maize, yams, sorghum and millet, while cocoa and oil palm are key export crops. Limited mechanisation, inadequate irrigation and quality-control issues hinder optimal yields and export growth, but the potential for increased productivity is vast, particularly if improved seeds, farm practices and processing technologies are adopted.[82]

Livestock: The livestock subsector contributes approximately 35 % to agriculture's overall output. Raising cattle, sheep, goats, pigs and poultry for meat, dairy products and eggs supports the livelihoods of millions of Nigerians, especially in semi-arid and grassland regions. However,

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[79] Business Insider Africa. (2023, December 31). Nigeria granted 34 companies three-year tax exemption in 2023. https://africa.businessinsider.com/local/markets/nigeria-granted-34-companies-three-year-tax-exemption-in-2023/b5gvvpv

[80] Nigerian Investment Promotion Commission. (n.d.). Investment opportunities & incentives (portal). https://www.nipc.gov.ng

[81] Nairametrics. (2023, Aug 4). GSK exits consumer healthcare market in Nigeria. https://nairametrics.com/2023/08/04/gsk-to-exit-consumer-healthcare-market-in-nigeria;

[82] Prime Business Africa. (2023, Dec). Interesting statistics on Nigeria's agricultural sector as 2023 winds down. https://www.primebusiness.africa/interesting-statistics-on-nigerias-agricultural-sector-as-2023-gradually-winds-down

livestock productivity remains limited due to inadequate veterinary services, poor feed quality and insufficient infrastructure to facilitate large-scale commercial production.[83]

Forestry: With approximately 9.04 million hectares of forest area (as of 2020), forestry's economic contribution has been overshadowed by rapid deforestation linked to unsustainable logging, expanding farmland and reliance on fuelwood. Nonetheless, forestry still provides livelihoods through the trade of timber, charcoal and non-timber forest products. Targeted reforestation and sustainable forest management could help preserve biodiversity while generating additional employment in areas like wood processing and eco-tourism.[84]

Fishing: Nigeria's annual fish demand exceeds 3.6 million tonnes, but domestic production is only around 1.1 million tonnes, leading to significant imports. Sources of fish include artisanal coastal and inland fisheries, industrial fishing and aquaculture. Modernising aquaculture and improving cold-chain logistics could reduce the import gap and create more formal jobs.[85]

Agri-food processing: The main agri-food processing products in Nigeria include staple foods like garri, cassava flour, starch and ethanol derived from cassava, as well as milled and parboiled rice. Additional products are edible oils such as palm oil, groundnut oil and soybean oil, alongside dairy products including yogurt, milk, butter and cheese. Fruits and vegetables are processed into juices, dried fruits and tomato paste, while beverages such as soft drinks and malt drinks are widely manufactured. Grains and cereals like maize flour, fortified cereals and sorghum-based products complement processed foods such as refined sugar, sweets, biscuits, bread, snacks and chips. Processed meat, smoked or dried fish, canned seafood and packaged poultry represent additional products. Enhancing value addition of agricultural products can spur inclusive economic growth.[86]

Main Sectoral Constraints for Job Creation

Several constraints limit the sector's ability to generate formal, high-quality employment. With over 90 % of agricultural production relying on rainfall, climate-related disruptions such as droughts and floods pose severe threats. Infrastructure shortcomings, including poor storage facilities or inadequate roads, lead to high post-harvest losses and increased costs, while weak food safety and quality-control systems prevent integration into higher-value global supply chains. Access to finance remains inconsistent, as high interest rates and complex collateral requirements exclude many smallholders. Women, despite contributing significantly to farm labour, face additional barriers to land, inputs and finance, while young people often view agriculture as unattractive due to low incomes and dependence on manual labour and basic tools.[87]

Main Sectoral Growth Opportunities

Yet, the agriculture sector offers substantial growth opportunities. Agricultural exports reached NGN 1.23 trillion in 2023, a 53 % increase from 2022, benefiting from currency depreciation and rising global demand for cocoa, sesame seeds and cashew nuts. Cocoa prices notably surged from

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[83] African Development Bank. (2023). Nigeria country food and agriculture delivery compact. https://www.afdb.org/sites/default/files/documents/publications/nigeria_country_food_and_agriculture_delivery_compact.pdf
[84] FAO. (2020). Global Forest Resources Assessment—Nigeria (FRA country data). https://fra-data.fao.org/NGA/
[85] FAO Nigeria. (n.d.). Nigeria at a glance. https://www.fao.org/nigeria/fao-in-nigeria/nigeria-at-a-glance/en/
[86] AEC Integrated. (n.d.). Top choices for agro food processing business in Nigeria. https://aecengg.com/top-choices-for-agro-food-processing-business-in-nigeria
[87] African Development Bank. (2023). Nigeria country food and agriculture delivery compact. https://www.afdb.org/sites/default/files/documents/publications/nigeria_country_food_and_agriculture_delivery_compact.pdf

about USD 2,200 per tonne in 2022 to USD 11,000 by late 2024, attracting over 10,000 new farmers. Public and private initiatives, including AfDB's USD 2.2 billion investment in Special Agro-Industrial Processing Zones, target infrastructure and productivity improvements. Agri-tech start-ups such as Thrive Agric, FarmCrowdy, Hello Tractor or ColdHubs aim to better connect farmers to finance, equipment and markets, attracting USD 1.56 billion in venture funding (2014-2024).[88]

Job Creation Potential

Job growth depends on improving yields and expanding agricultural value chains. Mechanisation and smart irrigation could raise productivity, leading to more jobs in equipment operation, extension services and agro-input distribution. Agro-processing growth (e.g. local milling of rice or cocoa processing) could create jobs in manufacturing, packaging, quality assurance and marketing. The emergence of technology-driven agribusiness – ranging from fin-tech-enabled supply chains to e-commerce platforms – creates higher-value employment suited to educated youth.

In addition, projects such as the Special Agro-Industrial Processing Zones can support the shift of labour from subsistence farming to formal employment in higher-value agricultural and service jobs. By addressing the current skill gaps, particularly around technical, digital and regulatory competencies, the sector can develop better prospectives, attracting both rural and urban talent.[89]

Skills Demand and Other Skill-Related Topics

The agriculture sector increasingly requires specialised skills. Technicians for operating and maintaining farm machinery, such as tractors and irrigation systems, remain scarce due to limited vocational training. Digital literacy is critical as agri-tech solutions expand, creating demand for software developers and digital agronomists who can manage data-driven agricultural practices. Ensuring compliance with export standards also calls for expertise in international certifications, quality management and food safety protocols. Additionally, entrepreneurial competencies in financial management, business planning and market analysis are essential, and can be nurtured through incubators and public-private partnerships. Moreover, strengthening extension services to promote modern and climate-smart agriculture among smallholder farmers remains crucial.[90]

Information & Communication Technology

The ICT sector has emerged as a significant engine of growth, contributing about 20 % to the GDP, while it has created over 2.5 million jobs in the past decade (see detailed figures in chapter 3.2). The ICT value chain comprises infrastructure providers, telecom operators, software developers, digital service providers and end consumers.[91] Employment opportunities range from technical jobs in telecommunications to entrepreneurial roles in fin-tech, e-commerce and software development, attractive particularly for the youth.[92] The primary subsectors include:

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[88] Export Focus Africa. (2024, March). Nigeria's top 10 agricultural exports in 2023. https://exportfocusafrica.com/2024/03/nigerias-top-10-agricultural-exports-in-2023; Agriculture News NG World (2024). https://agriculturenewsngworld.com/top-10-nigerian-agricultural-exports-and-how-they-are-produced

[89] Okechukwu, N. U., & Ikeije, U. U. (2025). Effects of human capital development on food security in South-East Nigeria: Bridging the skills gap in agro-industry. Journal of Functional Education, 1(1), 1–22. https://jfeacademia.org/Articles/Effects-Of-Human-Capital-Development-On-Food-Security-In-South-East-Nigeria--Bridging-The-Skills-Gap-In-Agro-Industry.pdf

[90] FAO Nigeria. (n.d.). Nigeria at a glance. https://www.fao.org/nigeria/fao-in-nigeria/nigeria-at-a-glance/en/

[91] U.S. International Trade Administration. (2023). Nigeria—Information & communications technology. https://www.trade.gov/country-commercial-guides/nigeria-information-and-communications-technology

[92] Oxford Business Group. (2024). The Report: Nigeria 2024—ICT chapter (overview). https://oxfordbusinessgroup.com/reports/nigeria/2024-report/ict

- **Telecommunications**: Contributes around 91.5 % of the sector's output, mainly with mobile and broadband internet services. With over 200 million active mobile line and 100 million data subscribers, Nigeria's telecommunications market reaches a substantial size.
- **Software Development**: Includes enterprise solutions, applications and platform services crucial for the emerging fin-tech and e-commerce sectors, with jobs in UI/UX design and web development.
- **Digital Services**: Encompasses e-commerce, digital marketing and e-banking which expand rapidly due to increased internet penetration.
- **Cybersecurity** and **Data Science**
- **Emerging Technologies**: Artificial Intelligence (AI), Blockchain or Internet of Things with potential for high-value job creation and export opportunities.

Main Sectoral Constraints for Job Creation

The ICT sector faces constraints which include infrastructure deficits, notably inconsistent electricity supply and limited broadband penetration, restricting ICT expansion beyond urban centres. Additionally, high internet costs reduce access to digital opportunities, particularly in rural areas. The skills mismatch remains critical, many digital training programmes are either financially inaccessible or inadequately aligned with employer demands. Local firms struggle to offer competitive wages compared to international firms, exacerbating the emigration of skilled Nigerians, particularly in high-demand sectors such as cybersecurity, software development and cloud computing. The shortage of qualified ICT instructors further constrains the scalability of quality digital skills training. As of recent data, only about 7 % of persons aged 15-24 possess market-ready ICT skills necessary for the digital economy.[93]

Main Sectoral Growth Opportunities

The sector has substantial growth potential through increased international market access and export of digital services. ICT exports are projected to increase from USD 262 million in 2023 to about USD 279 million by 2028.[94] Start-up entrepreneurship is an additional growth area in the ICT sector (see chapter 3.4), with start-ups such as Andela Flutterwave and Paystack having achieved unicorn status. Institutional and multilateral partnerships such as those involving Edo Innovates, GIZ, World Bank, Microsoft and Meta have supported start-ups with more than USD 5 million in direct funding between 2022 and 2024.[95] Planned investments from public and private entities into infrastructure improvements, advanced technologies (e.g. 4G and 5G networks) and digital skills training initiatives like the 3MTT programme widen the sector's growth potential.[96]

Job Creation Potential

With increasing global demand and export opportunities, new employment creation is projected in software development, cybersecurity, fin-tech services, UI/UX design and digital marketing.

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[93] Vanguard. (2025, March). Digital skills gap, education mismatch fueling Nigeria's employment crisis. https://www.vanguardngr.com/2025/03/digital-skills-gap-education-mismatch-fueling-nigerias-employment-crisis-stakeholders; Digital Bridge Institute (DBI). (2024). FG launches DBI's global certification & licensing programme to bridge the digital skills gap. https://dbi.edu.ng/fg-launches-dbis-global-certification-licensing-programme-to-bridge-the-growing-digital-skills-gap; Nucamp. (2024). Nigeria cybersecurity job market trends and growth areas for 2025. https://www.nucamp.co/blog/coding-bootcamp-nigeria-nga-nigeria-cybersecurity-job-market-trends-and-growth-areas-for-2025

[94] ReportLinker. (2024). Nigeria ICT Market Forecast 2024-2028. https://dailytrust.com/fg-launches-new-programme-to-bridge-digital-skills-gap/

[95] Various interviews with stakeholders (See Annex).

[96] National Information Technology Development Agency (NITDA). (2021). Strategic Roadmap & Action Plan (SRAP) 2021–2024. https://nitda.gov.ng; Mordor Intelligence. (2025). Nigeria ICT market—Industry report. https://www.mordorintelligence.com/industry-reports/nigeria-ict-market

Estimates indicate substantial job growth in digital-related occupations, particularly benefiting educated youth and technical professionals.

Skills Demand and Other Skill-Related Topics

Skills highly demanded within the ICT sector include software engineering, cloud computing, cybersecurity, data analytics, AI engineering, digital marketing and technical support. Institutions like Andela, Edo Innovates, NIIT Nigeria and government-backed initiatives such as the 3MTT programme aim to provide Nigerians with globally competitive digital skills. However, this requires enhanced investment in technical training, improved curricula alignment with market demands and increased availability of affordable, high-quality education.[97]

Manufacturing

Nigeria's manufacturing sector has contributed about 9 % of GDP in 2024.[98] Growth patterns have been uneven: certain manufacturers operate close to full capacity, especially in specialty or made-to-order product lines, while others face chronic underutilisation due to limited demand, high production costs and policy uncertainties. In 2024, overall manufacturing investment declined by 35.3 % to NGN 58.81 billion, reflecting broader economic and policy volatility (see chapter 3.2).[99] The manufacturing sector is diverse and includes a range of subsectors:

- **Food, Beverage, and Tobacco** is the largest subsector (see sector profile Agriculture).
- **Textile, Apparel, and Footwear**: Contributing about 17.5 % to the manufacturing GDP, this subsector encompasses the production of fabrics, garments and footwear.
- **Cement and Non-Metallic Mineral Products**: Cement production is a significant contributor, with Dangote Cement and BUA Cement leading the industry and having expanded operations across Nigeria and other African countries. Together, they contribute around 10.3 % to the manufacturing GDP.
- **Chemical and Pharmaceutical Products**: This subsector includes the manufacturing of industrial chemicals, fertilisers and pharmaceuticals, with the later holding about 60 % of Africa's pharmaceutical production capacity. Significant companies are Emzor Pharmaceutical Industries, Fidson Healthcare and May & Baker Nigeria.
- **Basic Metal, Iron and Steel Products**: Involves the production of metal rods, sheets and structural steel, supporting construction and manufacturing industries. Ajaokuta Steel Company is a prominent player.
- **Motor Vehicles and Assembly**: Covers the assembly of cars, buses and motorcycles. While it contributes modestly to the manufacturing GDP, the subsector has growth potential with increased investment Innoson Vehicle Manufacturing, Nigeria's first local car manufacturer, and Stallion Group are key companies.
- **Plastic and Rubber Products**: Producing household plastics, packaging materials and rubber products, this subsector serves both domestic and industrial demands. Companies like Evans Industries and OK Plast Limited are notable manufacturers.

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[97] National Information Technology Development Agency. (2023, January 24). Post-training support in IT talent development in Nigeria. https://nitda.gov.ng/post-training-support-in-it-talent-development-in-nigeria/

[98] National Bureau of Statistics (NBS). (2025). Nigerian Gross Domestic Product: Q4 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1157/Q4_2024_GDP_Report.pdf;

[99] National Bureau of Statistics (NBS). (2025). Nigerian Gross Domestic Product: Q4 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1157/Q4_2024_GDP_Report.pdf;

- **Electrical and Electronic Equipment**: Includes electrical cables and electronic devices with Zinox Technologies as leading local manufacturer of computers and related equipment.
- **Wood and Wood Products, including Furniture:** Involves the production of furniture and other products but faces challenges like deforestation and limited modern equipment.[100]

Main Sectoral Constraints

Constraints include the high cost of operations which are linked to issues with energy, logistics and financing. Electricity remains a top concern as tariffs have risen substantially. Many manufacturers resort to self-generated power from diesel generators and drilling boreholes for own water supply. In 2024, the Non-Metallic Mineral Products subsector reported a 33.7 % hike in energy costs, rising to NGN 118.49 billion, while the textile, apparel and footwear industries recorded a quadruple increase, reaching NGN 26.45 billion.[101] Limited access to affordable funding adds to these problems, with high interest rates and stringent collateral requirements particularly limiting the ability of MSMEs to upgrade machinery, scale production or invest in alternative energy solutions. Regulatory fragmentation further adds to production costs and delays market entry since manufacturers must navigate overlapping approvals, certifications and taxes, while remaining vulnerable to policy instability.[102]

Main Sectoral Growth Opportunities and Potential

Opportunities exist for Nigerian manufacturers who are willing and able to adapt. Exports of high-quality consumer goods have grown steadily, with West Africa and parts of Europe as emerging markets. In particular, the pharmaceutical subsector could increase its presence in regional markets if local operators attain the necessary certifications to compete with international generic drug producers. Growing interest also exists in technology-driven manufacturing, e.g. automation and AI applications, although high initial costs and limited infrastructure often hinder adoption. Meanwhile, local consumer demand for affordable quality goods remains strong, suggesting potential for import substitution for textiles, processed foods and everyday consumer goods.[103]

Job Creation Potential and Skills Needs

If key financial, infrastructural and regulatory barriers are addressed, the manufacturing sector can increase formal employment opportunities. Pharmaceuticals, textiles and footwear offer job-creation potential, especially with reduced energy costs and improved market access. For example, scaling pharmaceutical exports would require skilled personnel in packaging, quality assurance and R&D, while footwear and textiles could employ many semi-skilled workers. However, a persistent skills gap remains which calls for improved vocational training aligned with market demands. In addition, investing in sustainable practices and fair working conditions can attract

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[100] BusinessCardinal. (n.d.). Nigerian manufacturing sector. https://businesscardinal.com/nigerian-manufacturing-sector; KPMG Nigeria. (2023). Manufacturing for prosperity [Insight/PDF]. https://assets.kpmg.com/content/dam/kpmg/ng/pdf/manufacturing-for-prosperity.pdf

[101] The Guardian (Nigeria). (2025, April 22). Manufacturers groan as alternative energy gulps ₦1.1trn in one year. https://guardian.ng/news/manufacturers-groan-as-alternative-energy-gulps-n1-1trn-in-one-year/

[102] World Bank. (2025, May). Nigeria Development Update (NDU): Building momentum for inclusive growth. https://thedocs.worldbank.org/.../nigeria-development-update-NDU-may-2025-presentation.pdf

[103] Federal Ministry of Industry, Trade & Investment (FMITI). (2025). 2025 outlook: Accelerating diversification to rebuild prosperity by leveraging industry, trade & investment. https://www.proshare.co/articles/2025-outlook-accelerating-diversification-to-rebuild-prosperity-by-leveraging-industry-trade-investment

and retain skilled workers, and enhance global competitiveness.[104] For further details, see chapter Labour Supply.

Green Construction

Green construction aims to minimise ecological impacts and simultaneously improve occupant well-being. Rapid urbanisation is driving the sector's growth in Nigeria, with the urban population projected to rise from approximately 50 % in 2020 to 70 % by 2050. By 2025, its market is expected to reach a value of USD 1.9 billion, growing annually at 13 %.[105] Key subsectors include:

- **Residential Green Buildings:** Sustainable housing development with eco-friendly designs.
- **Commercial Green Buildings:** Sustainable offices, retail spaces and hospitality structures.
- **Industrial Sustainable Construction:** Eco-friendly factories and warehouses.
- **Infrastructure and Public Works:** Application of sustainable principles in roads, bridges and public infrastructure.

The green construction sector has a strong **export potential**, especially with its bamboo industry, tapping into a global market projected at USD 98.3 billion by 2025.[106] In terms of the **domestic market**, there has been a rise in public and private investment, particularly in the form of green bonds, amounting to over USD 150 million between 2022 and 2024. The National Building Energy Efficiency Code requires public buildings to adopt sustainable practices.[107]

Entrepreneurial opportunities include sustainable building materials, energy-efficient technologies, water conservation and waste management solutions. **Demand** will be driven by increased environmental awareness, international sustainability commitments and technological advancements in green construction.[108] The sector could create between **60,000-240,000 jobs by 2030**, spanning manufacturing, design, installation, consulting and waste management, with specialised jobs offering higher wages.[109]

Key constraints include high initial investment costs, limited financial incentives, insufficient awareness of long-term benefits, inconsistent enforcement of regulations and minimal local sourcing of sustainable materials (currently 10 %), while employers report skills shortages, particularly in specialised areas like energy-efficient construction and renewable technologies, which are needed to leverage opportunities in manufacturing green products such as eco-bricks, bamboo products and recycled plastics.[110]

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[104] KPMG Nigeria. (2024, Mar 4). Flashnotes—Issue 14: GDP growth 2023. https://assets.kpmg.com/content/dam/kpmg/ng/pdf/2024/03/Flashnotes%20issue%2014.pdf

[105] International Finance Corporation—EDGE/World Bank Group. (2022). Nigeria: Green building market intelligence. https://edgebuildings.com/wp-content/uploads/2022/04/Nigeria-Green-Building-Market-Intelligence-EXPORT.pdf

[106] StartupTipsDaily. (2023). Bamboo farming & production business in Nigeria. https://startuptipsdaily.com/bamboo-farming-production-business-nigeria-africa

[107] BusinessDay. (2025, May 9). Explainer: What proposed ₦300bn green bonds mean for Nigeria's sustainable development. https://businessday.ng/analysis/article/explainer-what-proposed-n300-billion-green-bonds-means-for-nigerias-sustainable-development/; Federal Ministry of Power, Works and Housing, 2023. National Building Energy Efficiency Code. https://engineersforum.com.ng/wp-content/uploads/2021/06/Building-Energy-Efficiency-Code.pdf

[108] Business Wire / ResearchAndMarkets. (2025, Feb 11). Nigeria Construction Market: Trends & forecasts to 2028. https://www.businesswire.com/news/home/20250211186867/en/Nigeria-Construction-Market-Trends-and-Forecasts-Analysis-to-2028-Nigerian-Construction-Industry-is-Set-to-Register-an-Average-Annual-Growth-of-3.1-from-2025-to-2028---ResearchAndMarkets.com

[109] FSD Africa; Shortlist; BCG. (2024, Jul 24). Forecasting green jobs in Africa. https://fsdafrica.org/publication/forecasting-green-jobs-in-africa/

[110] Oxford Business Group. (2024). Supportive measures: Fostering local & alternative building materials to lower construction costs (Construction & Real Estate—Nigeria 2024). https://oxfordbusinessgroup.com/reports/nigeria/2024-report/construction-and-real-estate/supportive-measures-fostering-the-local-and-alternative-building-materials-market-to-lower-costs-associated-with-construction-analysis/

Creative Industries

Nigeria's creative industry is culturally vibrant, comprising film (Nollywood), music (Afrobeats), fashion, digital media, gaming, publishing and visual arts, and have promoted Nigeria as an **African creative powerhouse**. Nollywood, globally the **second-largest film industry by volume**, produces over 2,500 films annually, generating around USD 6.4 billion and accounting for 39 % of Nigeria's 2023 box office earnings. It employs over 1 million people.[111]

- The **music industry**, featuring artists like Burna Boy and Davido, ranks 6th globally in music exports. In 2023, Spotify alone distributed over NGN 25 billion in royalties, with total royalties exceeding USD 38 million in 2024. Annually, it contributes over USD 2 billion.[112]
- **Fashion** is rapidly growing, driven by e-commerce and global interest in African design, projected to reach USD 1.92 billion by 2027 (compound annual growth rate 10.03 %).[113]
- Sectors such as **gaming, animation, digital content and publishing** are expanding. They employ over 4.2 million people and 2.7 million additional jobs are expected by 2025.[114]

Key growth drivers include Nigeria's young population, digital connectivity, rising global demand for African content, digital monetisation platforms and international collaborations.

Sectoral Constraints

The sector faces a significant skills mismatch due to a lack of structured training, industry-specific curricula and certification pathways. **Infrastructure limitations**, particularly limited high-speed internet and production facilities, constrain content creation and scalability. **Access to finance** is also challenging as traditional institutions hesitate to fund intangible assets. **Weak intellectual property protection** contributes to widespread piracy, undermining creators' ability to monetise their work effectively. **Limited technical know-how** in digital marketing and rights management restricts market access and scalability. [115]

Sectoral Growth Opportunities

International visibility in music, film and fashion helps for Nigerian content gaining global recognition, e.g. through platforms like Netflix and Amazon Prime, or musicians and fashion designers consistently receiving international acclaim. The sector has substantial **export potential**, particularly in music and film. Investments in content licensing, talent development and international partnerships can further strengthen export prospects.

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[111] Nairametrics. (2024, June 20). Nollywood accounts for 39% of box office revenue in 2023. https://nairametrics.com/2024/06/20/nollywood-accounts-for-39-of-box-office-revenue-in-2023

[112] Maxtreme. (2024, Dec). Nigerian music industry: A 2024 snapshot of global influence and domestic growth. https://www.linkedin.com/pulse/nigerian-music-industry-2024-snapshot-global-influence-maxtreme-inc--0m8ef)

[113] Nairametrics (Dan Awoh, D.). (2023, Aug 20). Nigeria, Egypt to lead Africa's fashion market with $2.5B revenue. https://nairametrics.com/2023/08/20/nigeria-egypt-to-lead-africas-fashion-market-with-2-5b-revenue

[114] Economic Times HRME. (2024). Nigeria's creative industry is projected to create 2.7 million more jobs by 2025 – Abbas. https://hrme.economictimes.indiatimes.com

[115] European Commission—IP Helpdesk. (2025, Feb 19). Nigeria's media industry: Growth, challenges, and the fight for copyright protection. https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/nigerias-media-industry-growth-challenges-and-fight-copyright-protection-2025-02-19_en

Planned investments include the Creative Economy Growth Plan (2024-2026), targeting a USD 100 billion investment and creation of 2 million jobs, and the i-DICE initiative, a USD 600 million joint investment by Nigeria, AfDB and the French Agency for Development to support entrepreneurs.[116]

Start-up and Creative Entrepreneurship

The sector offers opportunities for start-ups through its low entry barriers and high global demand. Prominent start-up models include content production studios, African-focused streaming services, intellectual property merchandising ventures and tech-driven solutions leveraging AI and blockchain. Initiatives like the Ebonylife Creative Academy, Africa Creative Market and Creative Business Cup Nigeria provide critical mentorship, skills training and market linkage.

3.6 Just Transition Implications on Labour Demand

Nigeria has pledged to achieve net-zero emissions by 2060 in line with its Nationally Determined Contributions (NDCs) and the Energy Transition Plan (ETP), while the principles of the **Just Transition (JT)** shall serve to ensure simultaneous inclusive economic growth and job creation. According to the ETP, transitioning towards net-zero emissions could **create up to 340,000 green jobs by 2030** and potentially over **2 million by 2050**, provided that complementary policies and investments are effectively implemented. Efforts are already underway to expand renewable energy infrastructure, promote climate-smart agriculture and invest in sustainable transport.[117]

Relevant Sectors and Emerging Job Opportunities

Renewable Energy

Nigeria's energy sector historically depends on oil and gas, but recent initiatives point toward cleaner energy sources. Solar mini-grids and off-grid solar home systems are increasingly deployed to serve remote communities without stable grid access. Wind energy in northern regions and small hydropower projects along rivers further have potential.

- **Key Projects:** The Solar Power Naija Programme launched in 2021 aims to install 5 million solar home systems across rural Nigeria by 2026, potentially creating **250,000** direct and indirect jobs in installation, maintenance and sales.
- **Job Opportunities:** Technicians specialising in solar PV installation, electrical engineers for grid integration, and entrepreneurs offering after-sales support.

Sustainable Agriculture

With view to climate change risks, government and non-governmental organisations promote **climate-smart agriculture**, including drought-resistant seedlings or efficient irrigation methods.

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[116] Vanguard. (2024, Sept). FG unveils ₦100bn creative economy growth plan; targets 2m jobs. https://www.vanguardngr.com/2024/09/fg-unveils-100bn-creative-economy-growth-plan-target-2m-jobs

[117] Federal Government of Nigeria. (2022). Energy Transition Plan (ETP). https://energytransition.gov.ng; International Labour Organization / Climate Action for Jobs. (2021, Apr 27). Effective climate policies can create 12 million jobs in Nigeria by 2035. https://www.climateaction4jobs.org/new-findings-from-nigeria-reveal-that-effective-climate-policies-can-boost-the-economy-creating-12-million-jobs

- **Potential for Growth:** Growing awareness drives demand for sustainable supply chains and ethically sourced produce (e.g. organic cocoa, cashew and rice).
- **Job Opportunities:** Agronomists to advise on climate-resilient crops, extension workers for training smallholders in regenerative techniques and processing specialists.

Forestry and Reforestation

Nigeria's deforestation rate is one of the highest globally, but large-scale initiatives – often linked to the **Great Green Wall** project– seek to restore degraded landscapes and combat desertification.

- **Initiatives:** Federal and state-level tree planting as well as community-based agroforestry projects create jobs in seedling production, tree planting and forest management.
- **Environmental and Economic Impacts** relate to improving soil quality, water retention and promoting livelihood activities such as beekeeping and timber harvesting.

Sustainable Transport

While electric mobility in Nigeria is at an early stage, cities like Lagos and Abuja are exploring green public transport solutions. In 2023, Lagos commenced a pilot programme with **compressed natural gas (CNG)** and **electric buses** to reduce pollution and ease chronic traffic congestion.

- **Opportunities:** A growing e-mobility will spur demand for charging infrastructure installers, electric vehicles (EV) maintenance technicians and public transport planners.
- **Challenges** include high upfront costs, limited charging stations and policy uncertainties.

Waste Management and Circular Economy

Rapid urbanisation has outpaced waste management capacities in megacities like Lagos which has led to environmental hazards and public health concerns. However, innovative waste-to-energy and recycling initiatives are on the rise.

- **Key Example:** The Olusosun landfill in Lagos is being modernised to harness landfill gas for electricity generation which creates green jobs in waste collection, recycling, composting and plant operation.
- **Circular Economy Start-ups:** MSMEs focusing on plastic upcycling, organic compost or e-waste recycling create jobs along the value chain in sorting, processing and distribution.

Eco-Tourism and Nature Conservation

Nigeria's diverse ecosystems – from rainforests in the south to savannahs in the north – offer potential for **eco-tourism**. Areas like Yankari National Park in Bauchi State and Cross River National Park in southeastern Nigeria have attracted conservation funding and increasing tourist interest.

- **Job Creation:** Local communities can benefit from community-based tourism and job opportunities for park rangers, guides, hotel staff and ecologists.

- **Capacity Building:** Tourism and conservation projects require specialised skills in hospitality management, wildlife monitoring and park administration.[118]

However, several constraints limit labour demand in JT-related industries. While many constraints reflect general business challenges, **specific constraints** include institutional capacity limitations – resource shortages and weak coordination among key ministries leading to delays and policy overlaps – and a skills mismatch which requires targeted training initiatives in renewable energy, climate-smart agriculture and waste management technologies (see chapter 4.7).

3.7 Most relevant constraints and most promising opportunities – Labour Demand

Below is an overview of the most relevant constraints (factors hampering productive employment) and most promising opportunities (potential for creating or improving employment).

MOST RELEVANT CONSTRAINTS	MOST PROMISING OPPORTUNITIES
Economic & Employment Structure	
• **Employment elasticity gap:** GDP growth (2.9 %) exceeds job growth (1.6 %), elasticity at 0.55 indicates insufficient job creation relative to economic growth. • **Capital-intensive sectors:** Limited job creation in high-output sectors (e.g. Oil & Gas: 1.4 % GDP vs. 0.2 % • employment; Manufacturing: 4.8 % GDP vs. 1.5 % jobs). • **Informality:** Over 80 % labour force informal, mostly agriculture and services; challenges in formalisation restrict growth potential. • **Infrastructure deficiencies:** unreliable & poor electricity and transportation infrastructure cause estimated GDP loss ~4 % per year. • **Regulatory barriers:** cumbersome licensing, overlapping regulations, unpredictable policy shifts, multiple taxation, corruption, contract enforcement challenges. • **Instability:** high inflation & currency volatility affecting business confidence.	• **MSME strength:** MSMEs dominate private sector (96 %), accounting for ~84 % employment and ~50 % GDP; potential for large-scale employment growth.

[118] Federal Ministry of Environment. (2022, June 2). Nigeria—Updated Nationally Determined Contribution (NDC 2.0). https://unfccc.int/documents/497790; Federal Government of Nigeria. (2022). Energy Transition Plan materials. https://energytransition.gov.ng; IRENA & ILO. (2021). Renewable energy and jobs—Annual review 2021. https://www.ilo.org/publications/renewable-energy-and-jobs-%E2%80%93-annual-review-2021; National Bureau of Statistics. (2025). GDP Q4 2024. https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1157/Q4_2024_GDP_Report.pdf; World Bank. (2022, Dec 15). Nigeria Development Update—Nigeria's Choice. https://thedocs.worldbank.org/en/doc/74e2f8585c426106f79f30a7b5fbc879-0360012022/original/World-Bank-Nigeria-Development-Update-december-2022.pdf

Start-up Ecosystem

- **Access to finance**: Despite growth in venture funding (USD 1 billion in 2022), significant early-stage and follow-on financing gaps remain; reliance on personal savings and informal loans prevalent.
- **Bureaucratic hurdles**: Slow disbursement of government-led financing (e.g. DBN, BoI) due to administrative complexity.
- **Regional concentration**: Approximately 90 % of tech start-ups based in Lagos, limiting geographic inclusivity and broader national impact.
- **Access to finance**: >90 % MSMEs cite as top barrier; annual financing gap USD 156.1 billion; bank lending to MSMEs <1 %.
- **Entrepreneurial constraints**: limited managerial technical skills, weak enterprise support institutions.
- **Rapid ecosystem growth**: Over 3 million new business registrations (2019-2023); significant expansion in tech-enabled ventures across fin-tech, agri-tech, health-tech and e-commerce.
- **Policy initiatives**: Nigeria Start-up Act (2022) introduced tax incentives, streamlined registrations & regulations for digital sector (crypto, digital loan).
- **Market demand**: Young population holds potential for digital products/services in education, entertainment and social commerce.
- **Accelerator & incubator expansion**: Prominent entities fostering entrepreneurship, providing mentorship, global exposure and seed funding.
- **Sectoral diversification**: Emerging opportunities in logistics tech, security tech, renewable energy, micro-insurance and digital assets markets.
- **Digital infrastructure**: Government-led digital economy policy (2020-2030) aims to improve infrastructure and regulatory frameworks.

Industrial parks and Special Economic Zones (SEZ)

- **Outdated legal framework**: Free Zone Act (1992) outdated, reducing SEZ competitiveness and attractiveness for investors.
- **Infrastructure deficits**: Poor electricity, transport and water infrastructure increase operational costs.
- **Environmental and social impacts**: Industrial zone developments (e.g. Lekki FTZ) disrupt local livelihoods and ecosystems, even causing community displacement.
- **Weak local integration**: Limited connection of SEZs with broader Nigerian economy restricts employment growth, supply-chain development and technology transfer.
- **Investment attraction**: SEZs have drawn over USD 300 billion in investments, contributing NGN 650 billion to government revenue.
- **Job creation potential**: For example, Lagos Free Zone created 4,000 jobs (25 % local), with plans for 40,000 jobs by 2035, contributing 2-3 % to GDP.
- **Sectoral diversification**: Zones like Kano (textiles, agro-processing), Calabar (oil & gas, manufacturing) and SAPZs (agriculture processing) promote diversified industrial growth.
- **Expansion of SAPZ programme**: Phase II aims to establish SAPZs in additional 24 states in 3 years.

Export Promotion

- **Export dependency**: Historical over-reliance on crude oil; non-oil exports modest (USD 5.46 billion, Q1/2025), much lower compared to regional peers (Morocco: ~USD 40 billion).
- **MSME export readiness**: Limited know-how, insufficient certifications and low-quality standards restrict MSMEs.
- **Bureaucratic inefficiencies**: Frequent suspensions and delayed reimbursements in schemes like Export Expansion Grant, creating uncertainty for exporters.
- **Exchange rate volatility**: Currency instability negatively impacts export pricing and market predictability.
- **Non-oil export growth**: Over 20 % annual growth (2024-2025); sectors include manufacturing, minerals and digital services.
- **Agricultural value addition**: Investments in processing, packaging and international certification for high-potential export commodities.
- **Manufacturing sector advantage**: Potential to leverage SEZs (Kano, Aba) and AfCFTA for regional manufacturing and export expansion
- **Support institutions**: NEPC and NEXIM provide targeted financial support and capacity-building.

Investment Promotion

- **Risky market**: Fluctuating and relatively low FDI inflows due to macro instability and security concerns.
- **Ongoing divestments by multinational firms** (GSK, Unilever, etc.) highlight challenges in business climate.
- **Huge market potential** due to large number of customers and cheap labour.
- **Major new investments** announced in 2024 (Coca-Cola, ExxonMobil), indicating continued investor interest.
- **Strategic FDIs** in banking, oil & gas and infrastructure can bring technology, capital and formal jobs.

Just Transition

- **Institutional limitations**: Weak coordination among ministries, causing policy overlaps and delays.
- **Infrastructure gaps**: Inadequate renewable energy, EV charging and waste management infrastructure.
- **Regulatory complexity**: Bureaucratic hurdles, unclear policies and capital constraints hamper investments in green sectors.

- **Renewable energy jobs**: Target of 30,000 MW renewable energy by 2030; potential 250,000 jobs from Solar Power Naija by 2026.
- **Sustainable agriculture**: Expansion of climate-smart practices & organic production along value chains of cocoa, cashew and rice can create jobs for agronomists, extension workers, processing experts
- **Forestry & reforestation**: Large-scale initiatives like the Great Green Wall can create jobs in seedling production, tree planting and forest management.
- **Sustainable transport**: Pilots with CNG and e-buses in Lagos; job creation in charging infrastructure, EV maintenance and public transport planning.
- **Circular economy & waste management**: Waste-to-energy initiatives (e.g. Olusosun landfill modernization in Lagos) can create green jobs in recycling, composting and plant operations.
- **Eco-tourism**: Growing eco-tourism in national parks can provide local employment in hospitality, wildlife conservation, guiding & park management.

4 Labour Supply

4.1 Key Actors and Supporting Policies

Nigeria's education system is overseen by a mix of federal, state and local authorities. The **Federal Ministry of Education (FME)** has the lead role in formulating national education policies, maintaining quality standards and coordinating the education system across the country. Under the FME, various specialised agencies regulate different aspects of education, e.g. the **National Board for Technical Education (NBTE)** oversees technical/vocational institutions. At regional level, each state has its own Ministry of Education and State Universal Basic Education Board to manage schools, hiring teachers and implementing federal policies locally.

Table 9: Relevant Institutions - Labour Supply Side

Institution	Role &Task
Federal Ministry of Education (FME)	To formulate and coordinate the national policy on education.
National Board for Technical Education (NBTE)	To coordinate and advise on technical and vocational education, identify skill needs and accredit TVET institutions.
National Business and Technical Examination Board	To conduct examinations for technical and business education and to issue certificates.
National Directorate of Employment (NDE)	To combat unemployment through skills acquisition programmes.
Industrial Training Fund (ITF)	To set and regulate training standards and to provide need-based human capital development interventions.

Current Policies and Strategies

In addition to the main policies and strategies described in chapter Framework Conditions, the most relevant strategy for labour supply refers to the new **National Policy on Skills Development** which was officially published by the government in February 2025 to address the skills gap and high unemployment rate. The policy is designed to harmonise various technical and vocational education and training (TVET) initiatives under a single framework, ensuring that training programmes closely match the needs of industry. Key highlights include:

- **Unified Coordination**: The policy establishes a centralised structure to oversee skills development, including federal ministries, education institutions, private-sector employers and development partners.
- **Industry-Relevant Training**: Emphasis is placed on aligning **TVET** programmes and curricula through cooperation with businesses and professional bodies.
- **Quality Assurance and Certification**: A core objective is to create a standardised certification and accreditation system (National Skills Qualifications Framework).
- **Youth and Women's Empowerment**: The policy prioritises **youth engagement** and encourages the inclusion of **women** and other underrepresented groups. Support includes scholarships, apprenticeships and entrepreneurship training.[119]

[119] Education Vanguard. (2025, February 11). Nigeria unveils National Policy on Skills Development. https://www.educationvanguard.com.ng/2025/02/11/nigeria-unveils-national-policy-on-skills-development/

Budget and Public Investment in Education

Nigeria's spending on education remains low compared to global and regional standards, consistently falling below the UNESCO recommendation of 15-20 % of national budgets. For example, the 2024 federal budget allocates NGN 1.54 trillion (6.4 % of the national budget) to education, lower than the previous year's share of 8.8 %. Historically (2015-2023), this figure hovered between 5 % and 8 %, amounting to only about 1-2 % of GDP. Although recent commitments aim to increase education funding (targeting 25 % of the budget), overall investment remains insufficient to address the gaps in infrastructure, teacher quality and learning material.[120] Over 75 % of education spending covers recurrent costs (mainly salaries), leaving limited funding (~23 %) for infrastructure, innovation and quality improvements. Funding mechanisms vary by education level: primary and junior secondary education receive funding through the Universal Basic Education Commission (NGN 251.5 billion in 2024); senior secondary education is mainly state funded; tertiary institutions including polytechnics heavily depend on federal budgets and additional support from the Tertiary Education Trust Fund financed by a 2 % corporate tax.

4.2 Education

General Overview of the Education System

The formal education system follows a 6-3-3-4 structure with six years of primary education, three years of junior secondary, three years of senior secondary and four years of tertiary education. Preceding early childhood education spans three years, with the last year being compulsory.

For the first nine years of education – usually beginning with the age of six – school attendance is compulsory and for free, i.e. ideally up to junior secondary level. Upon completion, students can choose between senior secondary education – allowing for admission to universities and polytechnics – and vocational education at technical colleges, potentially up to post-secondary levels. The FME oversees the national education policy, while state and local authorities manage the implementation of educational programmes.

Nigeria's education sector is grappling with a complex mix of challenges, including insufficient infrastructure, too few (and sometimes undertrained) teachers, socio-economic and cultural barriers to attendance, insecurity, low public funding and system inefficiencies.[121]

Enrolment Trends and Disparities in Access

Nigeria continues to face significant challenges with providing **universal basic education**. Approximately 10.5 million children aged 5-14 are out of school, despite nine years of compulsory and free schooling, making Nigeria the country with the **world's largest population of out-of-school children**. At primary level (aged 6-11), only 61 % of children regularly attend school, while just 35.6 % of children aged 3-6 receive early childhood education.

In Nigeria, access to education displays significant **regional, gender, and urban-rural disparities,** with Nigeria's north, as well as women and girls and people living in rural areas being

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[120] Premium Times. (2024). 2024 budget: Tinubu's improved funding for education still below UNESCO recommendation. https://www.premiumtimesng.com/news/headlines/653545-2024-budget-tinubus-improved-funding-for-education-still-below-unesco-recommendation.html

[121] Vanguard News. (2024). Nigeria's out of school children now 18.3m – UNICEF. https://www.vanguardngr.com/2024/06/nigerias-out-of-school-children-now-18-3m-unicef/

disproportionally affected. **In rural areas,** children have less access to education as compared to urban areas due to distance, higher poverty and limited facilities. School attendance in **the north** is notably lower (around 53 %), while **gender gaps** are particularly severe – with female attendance as low as 47 % in the North-East and North-West, mainly due to cultural factors, early marriage and poverty. Many children in northern regions only attend informal Qur'anic schools lacking basic literacy and numeracy instruction. Conflict, particularly the Boko Haram insurgency, has exacerbated the crisis, destroyed hundreds of schools and left millions without proper education.

As a result, the **literacy rate** among Nigerians remains comparatively low with about one third of adults being illiterate, even though the rate gradually improved from 62 % in 2018 to roughly 69 % by 2022. However, literacy levels reflect the same disparity patterns, i.e. female literacy in some northern states is below 30 %, compared to near-universal in some southern states.

At the secondary level, only about 60 % continue with education after completion of junior high and the end of compulsory school attendance. Those who continue often receive education of uneven quality – public secondary schools are frequently under-resourced with large class sizes, outdated curricula and teacher shortages (especially in science and technical subjects).

Only a fraction of secondary school graduates goes on to tertiary education.[122] In 2023, according to Nigeria's annual Labour Force Survey (LFS), only 14 % of Nigeria's 88.9 million labour force participants had completed post-secondary education. This **critical educational attainment gap** highlights ongoing disparities in access to higher education and technical training but also underscores the significant challenges Nigeria faces to develop the skills among its labour force necessary for enhancing innovation and productivity.[123] **Main challenges** of basic education are:

- Nigeria's education system faces significant challenges regarding **accessibility of education**, affecting enrolment and retention, particularly in rural areas and among vulnerable populations, and resulting in the extremely high number of **out-of-school children**. Millions of children, particularly girls and those from northern Nigeria, remain excluded from formal education due to poverty, insecurity and conflict, and the high prevalence of adolescent girls leaving school to marry. **Economic hardship** means that many families cannot afford essential costs such as uniforms, transport or the loss of child labour, while health factors such as malnutrition can also affect children's ability to learn.
- **Security threats significantly impact school infrastructure**, particularly in conflict-affected regions such as the northeast, where insurgent attacks have led to the destruction or closure of hundreds of schools. Even in peaceful areas, educational infrastructure remains inadequate, with schools frequently lacking sufficient classrooms, furniture, sanitation facilities, or access to clean water. Overcrowded classrooms and dilapidated buildings are widespread, especially in public institutions.
- The **shortage of qualified teachers** is critical – high pupil-teacher ratios, reliance on unqualified volunteer teachers, irregular salary payments and limited professional training limit educational quality. Consequently, many students finish primary school without achieving basic literacy and numeracy skills. The lack of adequate teaching

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[122] Nigeria Senior Secondary Education Commission (NSSEC). (n.d.). Statistics: Nigeria senior secondary pupils. https://nssec.gov.ng/nigeria-secondary-education-pupils/

[123] Nairametrics. (2024, September 26). 86% of Nigerians in labour force have no post secondary education in 2023. https://nairametrics.com/2024/09/26/86-of-nigerians-in-labour-force-have-no-post-secondary-education-in-2023/

materials and outdated instructional methods further undermines education quality, driving families with resources toward private schools and leaving public schools dominated by students from poorer households.

- **Funding** remains a persistent issue: the education budget remains well below UNESCO's recommended benchmark, severely limiting investment in infrastructure, research and staff development. The shortfalls reduce the quality of tertiary education and contribute to a brain drain as educators and researchers leave for better opportunities abroad.
- Other cross-cutting challenges include **poor governance and accountability**. Coordination between federal and state authorities can be weak, leading to inefficiencies (e.g. funds for basic education remain unspent when states do not provide matching contributions). Data systems for tracking enrolment and learning outcomes are improving but still inadequate, hampering evidence-based planning.[124]

Technical and Vocational Education and Training

TVET is a key component of Nigeria's educational framework and aims to equip individuals with the necessary practical skills for various trades and industries. TVET in Nigeria encompasses a range of programmes in fields such as **engineering, construction, agriculture and ICT technology**.

TVET has historically been overshadowed by academic education, leading to key challenges in implementation and perception. **Enrolment in TVET institutions** remains low compared to general secondary education. For example, Nigeria's approximately 5,100 secondary schools have a total enrolment of about 4.4 million students, whereas there are only **169 technical colleges with an enrolment of around 43,354 students**, highlighting the low attractiveness of TVET to the youth.

The Nigerian government has initiated **several strategies to revitalise TVET**, including aligning TVET curricula with industry needs, and promoting partnerships between educational institutions and the private sector. This involves the establishment of Industrial Skills Training Centres (ISTCs) and Model Skills Training Centres (MSTCs) under the Industrial Training Fund (ITF) to enhance hands-on training and practical skills development.

Despite these initiatives, TVET in Nigeria faces numerous **challenges**:

- **Societal Perception**: There is a prevalent stigma associated with TVET, often seen as a less prestigious alternative to university degrees, which discourages enrolment. This has led to a **paradox** where the economy has an abundance of labour but a shortage of job-ready technicians and craftsmen (e.g. electricians, plumbers, machinists).
- **Inadequate Funding**: Institutions often suffer from insufficient financial support, leading to outdated equipment, inadequate facilities and limited resources for practical training.
- **Curriculum and Industry Mismatch**: The curricula in many technical colleges are outdated and do not align with current industry demands, resulting in graduates lacking the relevant skills for employment.
- **Shortage of Qualified Instructors**: There is a significant deficit of trained and experienced instructors in technical fields, affecting the quality of education and training provided.

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[124] Vanguard News. (2024). Nigeria's out of school children now 18.3m – UNICEF. https://www.vanguardngr.com/2024/06/nigerias-out-of-school-children-now-18-3m-unicef/

- **Policy Implementation Issues**: While policies exist to enhance TVET, the implementation is often hampered by bureaucratic inefficiencies and lack of political will, leading to inconsistencies and gaps in the system.[125] See further information in chapter Skills Gaps.

Higher Education

In 2024, Nigeria had 275 universities, including federal, state and private institutions, with 170 of them being state universities. Yet, the **demand for higher education** still far **exceeds the available capacity**. Data varies depending on the source, but around two million candidates apply for university each year, while only around 500,000-700,000 secure admissions, reflecting a large gap between supply and demand. As a result, many youths either enter the job market straight after secondary school or spend years in limbo trying to gain admission or pursuing non-degree careers.

Employers often remark that higher education graduates **lack practical skills** and that many require **retraining to be job-ready**. Yet, those with higher education still have better employment chances than those without – reflected e.g. in the concentration of degree-holders in wage jobs.[126]

Gender imbalance remains an additional persistent issue. The disparity in enrolment is especially pronounced in Science, Technology, Engineering and Mathematics (STEM) (e.g. in 2020, electrical engineering had 85.95 % male students, computer science 82.43 %).[127] Factors include socio-cultural norms, economic constraints and early marriage practices, particularly in rural areas.

Besides the general challenges of education described above, **additional challenges** include:

- **Infrastructure Deficits**: Many universities suffer from overcrowded lecture halls, outdated laboratories and inadequate learning materials.
- **Academic Staff Shortages**: There is a dearth of qualified lecturers which is exacerbated by emigration ("brain drain") to seek better opportunities abroad.
- **Industrial Actions**: Frequent strikes by academic and non-academic staff disrupt academic calendars, prolonging study durations.
- **Governance Issues**: Weak governance structures and accountability mechanisms lead to inefficiencies and mismanagement within institutions.[128]

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[125] Akpan, D. (2023, July). Nigeria's technical, vocational education, and training programs: Insights and analysis. https://www.researchgate.net/publication/375088498_Nigeria%27s_Technical_Vocational_Education_and_Training_Programs_Insights_and_Analysis; Onwusa, S. C. (2021). The issues, challenges and strategies to strengthen technical, vocational education and training in Nigeria. International Journal of Research and Innovation in Social Science, 5(5), 48–59. https://doi.org/10.47772/IJRISS.2021.5502

[126] IIENSTITU. (2025). Nigeria's growing university landscape in 2025. https://www.iienstitu.com/en/blog/nigeria-s-growing-university-landscape-in-2025; Premium Times. (2025). Number of universities in Nigeria insufficient – NUC. https://www.premiumtimesng.com/news/top-news/758584-number-of-universities-in-nigeria-insufficient-nuc.html

[127] Akpan, D. (2023, July). Nigeria's technical, vocational education, and training programs: Insights and analysis. https://www.researchgate.net/publication/375088498_Nigeria%27s_Technical_Vocational_Education_and_Training_Programs_Insights_and_Analysis;

[128] Odeajo, O. (2025). Investigating the current state of educational facilities in Nigerian tertiary institutions. African Journal of Educational Research, Leadership & Policy, 3(2), 1–16. https://africanscholarpub.com/ajerlp/article/download/753/822; National Universities Commission (NUC). (2024, November 25). NUC Monday Bulletin (Vol. 19, No. 47). https://www.nuc.edu.ng/wp-content/uploads/2024/11/Copy-of-NATIONAL-UNIVERSITIES-COMMISSION_compressed.pdf; Odiase, K. B. (2025). Impact of Academic Staff Union of Universities (ASUU) strike on students' academic performance. Journal of Educational Review, 12(1), 55–67. https://www.ajol.info/index.php/jer/article/download/292957/275721/681029; National Universities Commission (NUC). (2024, July 8). NUC Monday Bulletin (Vol. 19, No. 28). https://www.nuc.edu.ng/wp-content/uploads/2024/07/8th-July-2024_compressed.pdf

4.3 Labour Force Characteristics

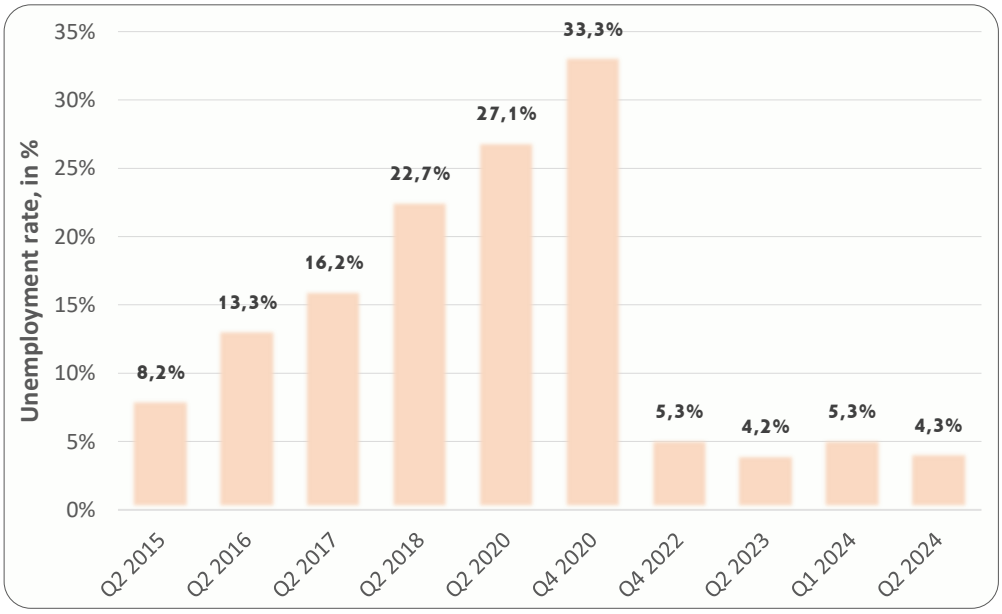
Nigeria's labour force is large, growing and predominantly young, but it is also characterised by high informality and underemployment.

Unemployment Rate

In Nigeria, unemployment statistics have proved difficult to interpret. Official national labour market figures are published by the National Bureau of Statistics (NBS) based on the results of its quarterly Labour Force Surveys (LFS). However, a change in the definition of unemployment used for the survey in 2023 makes historical comparisons unfeasible, while simultaneously highlighting the intricacy of un- and underemployment in labour markets like Nigeria.

As can be seen in the figure below, Nigeria's unemployment rate steadily rose from 8.2 % in 2015 to 33.3 % in Q4 2020. With the adoption of the 19th International Conference of Labour Statisticians (ICLS) framework in 2023, NBS adapted its definition of unemployment, leading to a sudden drop in the official unemployment rate, which is mainly caused by three major changes: (1) redefining the working-age population as everyone aged 15 and above, thus removing the upper age limit of 64; (2) lowering the threshold for employment to having worked at least one hour in the past week instead of 20 or more; (3) classifying anyone who worked zero hours in the past week as unemployed, replacing the previous benchmark of fewer than 20 hours. As a result, many people who had previously been counted as unemployed or underemployed are now classified as employed. Thus, the drastic drop in the official unemployment rate should not be taken as proof of improved government performance or robust economic growth.[129]

Figure 9: Unemployment rate for selected quarters from 2015-2024, in %



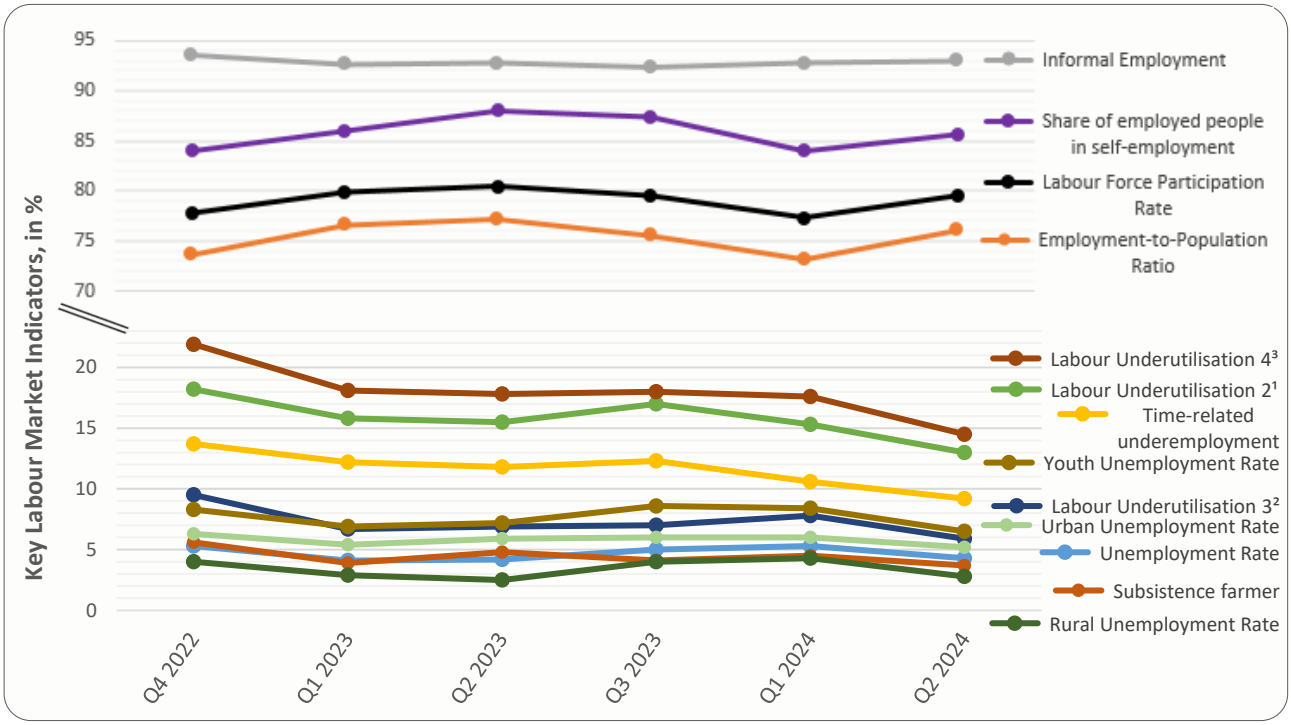
Source: Nigeria Labour Force Surveys, NBS.

Recent data from ILO seem to confirm this redefinition of unemployment statistics. In 2023, the ILO estimated that around four **million Nigerians were unemployed**, placing the unemployment rate

[129] Proshare Research Team. (2023). Nigeria's new unemployment data in numbers: Reality, revision, and reflection. https://www.proshareng.com/news/Nigeria-Economy/Nigeria%E2%80%99s-New-Unemployment-Data-in-Numbers--Reality,-Revision,-and-Reflection/66824

at **5.0 % in the third quarter** – an increase from 4.2 % in the previous quarter. According to the latest LFS for Q2 2024 by NBS, the unemployment rate increased slightly to 4.3 % in Q2 2024.[130] Unemployment was also higher among women (6.0 %) than men (4.0 %) and more prevalent in urban areas (6.0 %) than in rural areas (4.0 %).[131]

Figure 10: Key Labour Market Indicators, Q4 2022- Q2 2024, in %



Source: National Bureau of Statistics

Youth Unemployment Rate

In Q4 2022, Nigeria's youth unemployment rate (15-24 years) stood at 8.3 %. It declined to 6.9 % in Q1 2023, edged up slightly to 7.2 % in Q2 2023 and then rose to 8.6 % in Q3 2023, indicating fluctuations driven by seasonal factors and macroeconomic conditions. By Q1 2024, the youth unemployment rate eased slightly to 8.4 %, before dropping further to 6.5 % in Q2 2024. These figures illustrate a consistent pattern of youth unemployment exceeding the **overall unemployment rate**, which ranged from about **5.3 % to 4.3 %** over much of the same period.

NEET refers to young individuals – typically aged 15 to 24 – who are neither enrolled in school nor engaged in employment or vocational training. This measure provides important insight into youth disengagement from education and the labour market, serving as a useful indicator for barriers faced by youth, including limited access to quality education, workplace discrimination or insufficient skills training opportunities. In Q1 2024, Nigeria recorded a NEET rate of **14.4 %** among youth aged 15 to 24 years. This figure improved slightly by Q2 2024, dropping to **12.5 %**. However, gender disparities persist. In Q2 2024, the NEET rate for young women was notably higher at **14.3 %** compared to **10.9 %** for men, highlighting ongoing inequalities affecting female youth.[132]

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[130] National Bureau of Statistics. (2024). Nigeria Labour Force Survey (NLFS), Q1 2024. https://www.nigerianstat.gov.ng/pdfuploads/NLFS_Q1_2024_Report.pdf

[131] International Labour Organization. (2024, November 7). Navigating Nigeria's economic and labour market challenges: Pathways to inclusive growth and structural transformation (Policy brief). https://www.ilo.org/sites/default/files/2024-11/Nigeria%20policy%20brief%207%20Nov.pdf

[132] National Bureau of Statistics. (2024). Nigeria Labour Force Survey–data library & dashboards (2023–2024). https://www.nigerianstat.gov.ng/elibrary?queries=labour

Labour Force Participation

Approximately 8 in 10 working-age Nigerians (15+ years) participate in the labour force, making Nigeria's labour force the largest in Africa, with around 88 million individuals. Comparisons with Sub-Saharan Africa (SSA) show that Nigeria's labour force participation rate (LFPR) is **above the regional average** (66.6 %). Participation is notably higher in rural areas (83.2 %) compared to urban areas (77.0 %). Unsurprisingly as many are still pursuing education, labour force participation is lower among young people (aged 15-24) at 60.3 %. The data underscores significant employment disparities by location and age. The LFPR for women was 79.5 %, very close to 79.1 % for men.[133]

The **educational attainment** of Nigeria's labour force significantly influences their participation in the labour market and their employment outcomes. In Q2 2024, the LFPR among individuals with no formal education was at 85.3 %, reflecting their active engagement in mainly informal sectors. Those with primary education had the lowest rate at 68.0 %, while they were higher for lower secondary (81.5 %), upper secondary (91.7 %) and post-secondary education (91.0 %).

Underemployment Rate

In Q2 2024, approximately **9.2 %** of employed individuals were time-related **underemployed**, meaning they worked fewer than 40 hours per week but were willing and available to work additional hours. Underemployment continues to show substantial **gender disparities**, with a higher rate among **women (11.2 %)** compared to **men (7.1 %)**.

When considering broader definitions, labour underutilisation becomes even more pronounced. The combined rate of unemployment and time-related underemployment (LU2) was 13.0 % in Q2 2024, again notably higher among women (15.7 %) than men (10.3 %). A more comprehensive measure (LU4), which combines unemployment, potential labour force and time-related underemployment, stood at 14.5 % overall. Similarly, gender disparities are pronounced, reaching 17.3 % for women compared to 11.6 % for men. The persistence of gender gaps emphasises the need for targeted policies to address barriers faced by women.[134]

Vulnerable Employment

A worrying characteristic in Nigeria is the **prevalence of working poverty**. Nearly 60 % of workers lived in either extreme or moderate poverty in 2024, with about 27 % of workers in extreme poverty, earning less than USD 2.15 per day per person and an additional 31 % in moderate working poverty, earning between USD 2.15-3.65.[135] Many agricultural workers are poor subsistence farmers, while urban informal workers often earn barely enough to get by. This highlights that a job is often not sufficient to escape poverty and reflects the low quality of jobs available, while underlining the need for not just more, but better jobs in terms of productivity and pay.[136]

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[133] National Bureau of Statistics. (2024). Nigeria Labour Force Survey (NLFS), Q2 2024. https://www.nigerianstat.gov.ng/pdfuploads/NLFS_Q2_2024.pdf

[134] National Bureau of Statistics. (2023). Nigeria Labour Force Survey Q4 2022 & Q1 2023. https://www.nigerianstat.gov.ng/elibrary/read/1241365

[135] International Labour Organization. (2024, November 7). Navigating Nigeria's economic and labour market challenges: Pathways to inclusive growth and structural transformation (Policy brief). https://www.ilo.org/sites/default/files/2024-11/Nigeria%20policy%20brief%207%20Nov.pdf

[136] Oxford Poverty and Human Development Initiative (OPHI). (2023, December). 2022 Nigeria Multidimensional Poverty Index: Statistical snapshots. https://ophi.org.uk/sites/default/files/2023-12/2022%20Nigeria%20Multidimensional%20Poverty%20Index_%20Statistical%20Snapshots.pdf

Persons with Disabilities

Persons with disabilities in Nigeria face considerable labour market exclusion due to stigma, discrimination and inadequate accessibility in education and workplaces. Limited schooling opportunities result in lower literacy and skill levels among adults with disabilities. Despite legal frameworks such as the 2019 Discrimination Against Persons with Disabilities Act and the establishment of the National Disability Commission, practical implementation remains slow. Targeted training programmes in accessible occupations, such as ICT or craft-based work, and inclusive employment policies are urgently required.

Child/Forced Labour

Child labour and forced labour remain significant concerns in Nigeria, particularly within agriculture, mining, domestic service and informal trade. Despite the legal minimum working age being set at 15 under the Labour Act, and 14 under the Child Rights Act for non-hazardous work, enforcement challenges persist. According to the 2022 Nigeria Child Labour Survey, approximately 39.2 % of children aged 5–17 – driven by factors such as poverty, limited access to education and cultural norms – are engaged in child labour, with 22.9 % involved in hazardous work.[137]

4.4 Skills Gap

A pressing challenge is the **misalignment between the skills** that workers possess and those that employers require. As the Nigerian economy continues to diversify – from traditional oil and gas reliance towards manufacturing, agriculture, technology, and services – the demand for new and specialised skill sets has intensified. Nevertheless, the pace of educational and vocational training reforms has not fully matched this evolving demand, resulting in both unfilled roles for the lack of qualified personnel and a high unemployment rate among new graduates.[138]

Recent data indicate that while the proportion of formally educated individuals in the labour force is growing, many still **lack industry-relevant competencies**. As outlined above, Nigeria's youth unemployment and underemployment rates remain high, reflecting the difficulty that graduates face in securing positions that align with their fields of study. At the same time, employers continue to report shortages in practical, technical and soft skills. Particularly in sectors like manufacturing, construction, ICT and healthcare employers often report difficulty in finding candidates with the required technical expertise or experience (for more details, see chapter Sectoral Analysis).[139]

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[137] Premium Times (AUN PT Data Hub). (2024/2025). 39% of Nigerian children engaged in child labour – NBS. https://www.premiumtimesng.com/aun-pt-data-hub/aunptdatahub-gender/687293-39-of-nigerian-children-engaged-in-child-labour-nbs.html; National Bureau of Statistics & International Labour Organization. (2023). Nigeria Child Labour Survey 2022–Results summary. https://www.ilo.org/africa/information-resources/publications/WCMS_901572/lang--en/index.htm

[138] Nigerian Economic Summit Group (NESG). (2023). 28th Nigerian Economic Summit Green Book (NES28): Theme papers and communiqués. https://app.nesgroup.org/download_greenbooks/GreenBook_NES28_1688850525.pdf; World Bank. (2023, June 27). Nigeria Development Update: Seizing the Opportunity. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099062623065078024; Industrial Training Fund. (n.d.). Skills gap assessment in six priority sectors of the Nigerian economy. https://www.itf.gov.ng/ftp/Skills_Gap_Assessment.pdf

[139] International Labour Organization. (2022). The next normal: The changing workplace in Nigeria. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_dialogue/%40act_emp/documents/publication/wcms_842790.pdf; Industrial Training Fund. (n.d.). Skills gap assessment in six priority sectors of the Nigerian economy. https://www.itf.gov.ng/ftp/Skills_Gap_Assessment.pdf

Multiple Types of Skill Mismatches

- **Low Skills in the Labour Force:** A sizeable share of the labour force has only primary education or is functionally illiterate, confining them to low-skill, low-productivity roles and limiting overall productivity and potential for upward mobility.
- **Growing Demand for Skilled Professionals:** Concurrently, the economy's demand for skilled technicians, professionals and service workers is growing beyond what existing educational pathways produce. Employers in manufacturing, construction, healthcare, or ICT report persistent difficulties in finding candidates with the required technical expertise or practical experience.
- **Paradox of Graduate Unemployment:** Paradoxically, Nigeria also has high unemployment among university graduates. According to recent data from NBS, unemployment rates can actually rise with higher levels of education, pointing to a qualitative mismatch: many graduates hold degrees in fields with limited demand, or they have mostly theoretical knowledge rather than job-ready skills. Firms often cite deficiencies in problem-solving ability, ICT proficiency and soft skills – which forces firms either not to hire or to invest significantly in post-hire training.[140]

Structural Gaps in Training Ecosystem

Among the reasons for Nigeria's skill shortage is the decline of rigorous TVET programmes over the years which has created a dearth of mid-level skilled craftspeople despite high unemployment. The GIZ implemented Skills Development for Youth Employment (SKYE) programme has identified this lack of demand-driven TVET – combined with social bias against TVET – as a core reason for the chronic shortage of skilled labour.[141] The construction industry frequently hires technicians from neighbouring countries because of a local shortage of certified plumbers, carpenters and tile layers, while automotive repair shops rely on informally trained mechanics who may lack up-to-date diagnostic skills for modern vehicles. Even in the oil and gas or manufacturing sectors, employers sometimes bring in expatriate engineers and technicians to fill specialised roles.

Even when positions are filled, performance can remain below potential if employees lack essential skills. Many receive post-placement training to improve their technical know-how, but this raises costs for firms. ILO highlights that ongoing capacity-building efforts are crucial to sustaining productivity gains.[142]

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[140] World Bank. (2023, June 27). Nigeria Development Update: Seizing the Opportunity. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099062623065078024; https://novatiaconsulting.com/skills-gap-analysis-in-nigeria/; UNESCO-UNEVOC. (2019, April). TVET Country Profile: Nigeria. https://unevoc.unesco.org/wtdb/worldtvetdatabase_nga_en.pdf; Industrial Training Fund. (n.d.). Skills gap assessment in six priority sectors of the Nigerian economy. https://www.itf.gov.ng/ftp/Skills_Gap_Assessment.pdf; International Labour Organization (ILO). (2022). The next normal: The changing workplace in Nigeria. Geneva: ILO ACT/EMP. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_dialogue/%40act_emp/documents/publication/wcms_842790.pdf

[141] Interview GIZ SKYE Project.

[142] International Labour Organization (ILO). (2022). The next normal: The changing workplace in Nigeria. Geneva: ILO ACT/EMP. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_dialogue/%40act_emp/documents/publication/wcms_842790.pdf

Sectoral Skills Gaps

Multiple recent labour market assessments point to recurring skill shortages in following sectors:

Table 10: Sectoral Skills Gaps

Manufacturing Sector	Construction	Health
• **Occupational shortages:** Maintenance, machine operation, quality control • **Competency gaps:** Limited hands-on practice in TVET programmes	• **Occupational shortages:** Skilled trades (e.g. welder, plumbers) • **Competency gaps:** Outdated methods, insufficient project management	• **Occupational shortages:** Mid-level technicians, community health workers • **Competency gaps:** Practical clinical training, especially in rural areas
Education	**Textile & Apparel**	**Agricultural Processing**
• **Occupational shortages:** Qualified teachers in underserved rural schools • **Competency gaps:** Practical pedagogical skills, limited ongoing training	• **Occupational shortages:** Industrial sewing technicians, pattern makers • **Competency gaps:** Factory-based practical training, quality assurance processes	• **Occupational shortages:** Food safety officers, agro-processing technicians • **Competency gaps:** Value chain management, modern processing techniques
	ICT & Digital Services	**Business Services**
	• **Occupational shortages:** Data analysts, software developers, tech support • **Competency gaps:** Coding skills, cybersecurity, user interface design	• **Occupational shortages:** Compliance experts, client-facing professionals • **Competency gaps:** Soft skills, advanced ICT literacy for digital finance

The **skills mismatch has real consequences**: it contributes to graduate unemployment, while forcing companies to invest more in on-the-job training or to pay a premium for skilled workers and potentially deterring investors. It potentially slows business growth due to a lack of skilled workers for enlarging operations, although this is not listed among the top concerns of Nigerian businesses. On the social side, when youths spend years getting degrees but remain jobless or underemployed, it leads to frustration.[143]

4.5 Enabling Factors for Skills Development

Nigeria has implemented **several initiatives** to align education with market demands. Efforts focus on improving the relevance of curricula, expanding the quality of vocational training and fostering public-private partnerships.

A central initiative is the **Nigerian Skills Qualifications Framework** (NSQF), designed to develop, classify and recognise skills, knowledge and competencies of individuals, irrespective of where and how these were acquired. It aims to promote lifelong learning, provide quality assurance and

[143] Novatia Consulting. (2024). Skills gap analysis in Nigeria. https://novatiaconsulting.com/skills-gap-analysis-in-nigeria/; Okwudili, C. B. (2024). Skills mismatch in Nigeria's labour market: Bridging the divide – A case study of Rivers State. International Journal of Advanced Multidisciplinary Research Studies, 4(3), 1533–1538. https://www.multiresearchjournal.com/admin/uploads/archives/archive-1719428538.pdf; ToTalent. (2024). How does Nigeria's labor market work? https://totalent.eu/how-does-the-nigerias-labor-market-work/; Felix, E. U. (2023). The opportunities for Technical Vocational Education and Training (TVET) in the Nigerian economy. Medium. https://medium.com/%40emamorosefelix/the-opportunities-for-technical-vocational-education-and-training-tvet-in-the-nigerian-economy-af7baac628ba

facilitate the recognition of prior learning. Its success depends on **increased awareness, adequate funding, legislative support and effective integration** into educational institutions.[144]

Curriculum reviews intend to ensure that educational programmes remain responsive to evolving industry needs. Many researchers outline the necessity of promoting competency-based education and training (CBET) systems that emphasize the acquisition of practical skills and knowledge that are directly aligned with workplace demands. Implementing CBET curricula is seen as vital to narrow the gap between educational outcomes and employer expectations.[145]

To bridge the **gap between education and employment**, several skill development programmes targeting youth have been initiated. The Digital Skills Nigeria programme, for example, provides access to digital skills training for young people aged 16-35, ranging from basic digital literacy to advanced training. Additionally, the Digital States Initiative by the National Information Technology Development Agency aims to train Nigerians aged 16-40 in digital literacy and skills, focusing on areas such as digital marketing, productivity tools and content creation. The programme targets approximately 20,000 Nigerians across various states.[146] Several other skill development programmes are supported by international donors.

Public-private partnerships: Strategic collaborations between the public and private sector are encouraged to develop programmes that improve practice-related technical, managerial and entrepreneurial skills, particularly for MSMEs. For instance, initiatives like EdoJobs, a public-sector agency established by the Edo State government to link job seekers with employers, offer services like job listings, career guidance and skills development. It aims to **bridge skill gaps** with short-term courses for job seekers to better meet the skills requirements of employers. Besides physical offices across the state, it also operates a **job-matching portal**, partly with support by the GIZ SKYE programme, helping streamline access to employment opportunities across various industries.[147]

4.6 New Job Profiles

As Nigeria continues to diversify its economy, there is an increasing focus on identifying future skills needs and anticipating occupational shifts. The following potential future occupations have been identified by national and international publications:

Table 11: Future Occupations

Sector	Future Occupations
Agriculture & Environment	Precision Agriculture Specialists (utilizing drones and remote sensing), Sustainable Farming Advisors, Climate Adaptation Consultants, Renewable Energy Technicians (Solar & Wind)
ICT	Software Developers & Programmers, AI and Machine Learning Specialists, Cybersecurity Analysts, Cloud Computing Engineers, Data Scientists & Analysts
Manufacturing & Industry	Industrial Automation Specialists, Robotics Engineers, Supply Chain & Logistics Analysts, Quality Assurance Technologists

[144] UNEVOC/UNESCO. (n.d.). TVETipedia glossary: National Skills Qualifications Framework (NSQF). https://unevoc.unesco.org/home/tvetipedia+glossary/lang=en/show=term/term=National+Skills+Qualifications+Framework

[145] John, B., Oko Joseph, C.O., & Eniola, A.L. (2025). Reforming Nigeria's educational curriculum: A panacea for mediocrity and workplace inefficiency. ResearchGate. https://www.researchgate.net/publication/391453075

[146] National Information Technology Development Agency. (2024, July 5). Digital Nigeria: NITDA to deliver initiatives through innovative ideas. https://nitda.gov.ng/digital-nigeria-nitda-to-deliver-initiatives-through-innovative-ideas/8242/; Lagos State Employment Trust Fund. (n.d.). Digital Skills Nigeria. https://lsetf.ng/digitalskillsnigeria/

[147] See https://edojobs.info/

Construction & Infrastructure	Sustainable Building Specialists, Green Architecture Consultants, Smart City Planners
Healthcare	Telehealth Specialists, Medical Laboratory Technicians, Mental Health Counsellors, Biomedical Equipment Technicians
Finance & Business Services	Fin-tech Product Managers, Digital Marketing Specialists, Risk Management Professionals, Corporate Governance Analysts
Tourism & Hospitality	Ecotourism Specialists, Digital Content Creators, Sustainable Tourism Developers, Experience Designers

Potential Disruption of Future Job Profiles Through Artificial Intelligence

Nigeria's federal government increasingly recognises digital technologies, particularly AI, as important drivers of economic transformation. Current national frameworks, such as the **National Development Plan (2021-2025)** and policy documents from the **Federal Ministry of Communications, Innovation and Digital Economy**, emphasize the opportunities AI presents – ranging from enhanced financial inclusion through fin-tech solutions to the modernisation of public services. Despite the growing momentum around AI adoption, large-scale research quantifying the direct displacement or transformation of specific job roles by AI remains limited.

Continent-wide studies from organisations like ILO and the World Bank suggest that routine-based, low-skilled roles are most vulnerable to automation. Government agencies, including the National Information Technology Development Agency (NITDA), place strong emphasis on digital capacity-building to address AI-driven future changes. However, within Nigeria-specific policy dialogues, the emphasis is on leveraging AI to enhance existing jobs and create new job opportunities rather than on the effect of AI displacing existing roles.

As AI adoption accelerates in Nigeria, a more detailed, sector-focused approach will become essential for understanding job displacement risks and maximizing the potential for securing existing jobs and creating new jobs. To mitigate potential disruptions, experts recommend:[148]

- **Sector-by-Sector Analysis**: Conducting in-depth reviews of how AI technologies could specifically impact agriculture, healthcare, finance and other key sectors.
- **Targeted Education Reforms**: Updating curricula of specific occupations, mainly at higher education levels, to reflect emerging skill requirements, particularly in software development, data analytics and human-centric AI.
- **Public-Private Collaboration**: Encouraging partnerships that bridge policy, funding and practical implementation of AI-driven solutions.
- **Continuous Upskilling**: Offering lifelong learning opportunities and professional certification programmes to enable workers to keep up with increasingly dynamic trends.

4.7 Just Transition and Skills Adaptations

Nigeria's transition to a Green Economy requires workers to **acquire or refine the skills necessary** to thrive **in green jobs**. These range from installing and maintaining renewable energy systems to

[148] World Bank. (2019). Nigeria Digital Economy Diagnostic: Accelerating growth and transformation. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/387871574812599347/nigeria-digital-economy-diagnostic-accelerating-growth-and-transformation; Federal Ministry of Communications, Innovation & Digital Economy / NCAIR. (2024). National Artificial Intelligence Strategy (NAIS). https://nais.ncair.ng/; World Bank. (2020). The future of work in Africa: Harnessing the potential of digital technologies for all. https://openknowledge.worldbank.org/items/13369cd7-43eb-5723-ab07-63e143f4af3a

adopting climate-smart agricultural practices and more efficient transportation technologies. As outlined in chapter 2.6., Nigeria has implemented **several strategies** to facilitate a Just Transition, including the Climate Change Act, the National Council on Climate Change and the Energy Transition Plan which include various initiatives to support up- and reskilling. Embedding general environmental sustainability concepts in secondary schools, TVET institutions and universities is crucial for the foundational knowledge needed for green jobs, while TVET specifically needs to:

- Integrate practical green modules (e.g. solar water-heaters for plumbers)
- Expand offers in Renewable Energy, Waste Management and Sustainable Agriculture

In line of the inclusion imperative of the JT, programmes should specifically reach out to:

- **Women**: Empowering them with training in solar installation, environmental monitoring and related fields can break traditional gender barriers.
- **Youth in Oil-Producing Communities**: This demographic can be equipped with skills in environmental remediation, renewable energy and other emerging green industries.

Re-skilling in the Oil and Gas Sector

The oil and gas sector employs engineers, geoscientists, technicians and related professionals. As global demand shifts towards cleaner energy, demand for these skilled workers can occur in:

- **Renewable Energy Projects** – For instance, pipeline engineers can transition into designing and maintaining geothermal or water infrastructure, or engineers with oil backgrounds can move to biofuel or hydrogen systems with specialised training.
- **Natural Gas Operations** – Since natural gas will remain a transition fuel for some time, there is a continued need for skilled workers in gas extraction, processing, and distribution, though with a heightened emphasis on reducing environmental impacts.

A structured and proactive approach is necessary. Government agencies, in collaboration with oil companies and educational institutions, can design programmes in advance of any potential decline in oil operations to help workers develop competencies in emerging energy technologies, thus preventing large-scale job losses and ensuring a smoother transition to low-carbon industries.

Solar, Wind, and Other Renewable Sources

Nigeria's targets, including expanding renewable capacity to 30,000 MW by 2030, require a robust labour force trained in renewable energy, with particularly high demand for:

- Solar PV Installers and Maintenance Technicians
- Wind Turbine Engineers and Technicians
- Renewable Energy Project Managers

TVET institutions can address this by integrating renewable energy relevant competencies in existing curricula. Partnerships with government institutions and private companies can help to scale the programmes and ensure graduates have both theoretical knowledge and hand-on skills.

Energy Efficiency and Green Construction

Improved energy efficiency in buildings and industry is crucial to Nigeria's climate goals. Construction workers, Heating, Ventilation and Air Conditioning (HVAC) specialists, electricians and other building professionals must be trained in:

- Energy-efficient insulation and materials
- Efficient HVAC systems
- Retrofitting older structures

Climate-Smart Agriculture

Given agriculture's contribution to GDP and employment, but as well as to Nigeria's GHG emissions, climate-smart agricultural practices are critical. Farmers need to be trained in techniques that mitigate the risks of climate-induced crop failures and environmental degradation:

- Drought-Resistant Cropping
- Efficient Irrigation Systems (e.g. drip irrigation)
- Agroforestry and Sustainable Land Management

As agriculture becomes more technology-driven, extension officers must gain expertise in climate-smart methods. Additional job roles, such as village-level advisers and technicians for solar-powered irrigation pumps, are emerging. In addition, urban climate-smart agriculture is gaining traction. Approaches such as urban and vertical farming offer opportunities to enhance local food security, reduce transportation-related emissions and create green jobs in cities

Sustainable Transport

Mass Transit and Electric Vehicles

The move of Nigerian cities toward a modern, clean transportation system will increase the need for mechanics, engineers and related professionals to maintain and operate electric buses, cars and related infrastructure. Skills development will be required in:

- Hybrid and Electric Vehicle Maintenance
- Infrastructure Development for Charging Stations
- Public Transportation Operations and Upgrades

Cleaner Fuel Conversions

Similarly, initiatives like the Presidential CNG Initiative will increase the demand for CNG fuelling stations and for ensuring the safety and efficiency of converted vehicles. Demand will increase for:

- Vehicle Conversion Specialists
- CNG Infrastructure Development
- Safety and Regulation Compliance

Waste Management and Recycling

Responsible waste disposal and recycling is set to grow. If supported by government policy and funding, this sector can also drive innovation – such as waste-to-energy projects – and enhance job opportunities for:

- Waste Collectors Trained in Sorting and Recycling
- Recycling Plant Operators and Waste-to-Energy Technicians
- Environmental Monitoring and Compliance Officers

Table 12: Employment Opportunities and Skills Adaptation for Green Jobs

Subsector	Employment Opportunities	Skills Adaptation/Upskilling Needs
Renewable Energy		
Solar Energy	Solar PV installers, micro-grid technicians	Training in solar technology installation, grid management, battery storage systems.
Wind Energy	Wind turbine technicians, maintenance engineers	Vocational programmes in wind turbine operation, safety protocols, and energy storage.
Natural Gas (Transition)	Gas infrastructure engineers	Retraining oil/gas engineers in gas pipeline safety, carbon capture, and transition fuel systems.
Climate-Smart Agriculture		
Agroforestry	Agroforestry advisers, nursery managers	Training in tree species selection, sustainable land management, and nursery operations.
Sustainable Irrigation	Irrigation technicians, water pump operators	Skills in drip/solar-powered irrigation systems, water conservation practices.
Drought-Resistant Cropping	Extension agents, soil health monitors	Knowledge of drought-resistant seed varieties, soil conservation, and climate-resilient farming.
Waste Management		
Recycling	Waste sorting specialists, recycling operators	Training in material segregation, circular economy practices, and recycling plant operations.
Waste-to-Energy	Bioenergy technicians, landfill gas operators	Skills in anaerobic digestion, biogas production, and waste-to-energy plant maintenance.
Transport		
Electric Vehicles (EVs)	EV mechanics, charging station technicians	Retraining auto mechanics in EV battery systems, charging infrastructure, and hybrid technology.
Mass Transit	Green transport planners, CNG vehicle operators	Training in CNG vehicle maintenance, public transit optimization, and emission reduction strategies.
Construction		
Energy-Efficient Retrofits	Insulation technicians, HVAC specialists	Skills in building retrofitting, energy-efficient HVAC installation, and green building materials.
Environmental Remediation		
Land Restoration	Reforestation workers, soil remediation experts	Training in erosion control, bioremediation techniques, and native species replanting.
Pollution Control	Environmental monitors, clean-up crews	Skills in oil spill clean-up, hazardous waste handling, and pollution monitoring technologies.
Sustainable Manufacturing		
Clean Kiln Technologies	Clean kiln operators, eco-brick producers	Retraining brick-makers in low-emission kiln operations and sustainable material use.

Source: Own compilation based on above mentioned sources

Collaboration and Funding for Training

To accommodate the changes necessary for a JT, an efficient **collaboration** among government, industry and education providers with support development partners is necessary. Public institutions, such as the Industrial Training Fund (ITF), can incentivise employer-based training in green skills, while private-sector actors – particularly renewable energy firms and agri-tech start-ups – can co-sponsor specialised institutions, support the development of updated curricula and offer internship programmes. In addition, development partners and climate funds can integrate

training components in climate finance initiatives – such as solar mini-grid deployments – to ensure that initiatives are backed by sufficient local technical capacities.[149]

4.8 Most relevant constraints and most promising opportunities – Labour supply

Below is an overview of the most relevant constraints (factors hampering productive employment) and most promising opportunities (potential for creating or improving employment).

MOST RELEVANT CONSTRAINTS	MOST PROMISING OPPORTUNITIES
Education	
• **Chronic Underfunding**: Education spending (6.4 % of the 2024 federal budget) remains well below UNESCO's 15–20 % benchmark. • **High Recurrent Costs**: Over 75 % of the education budget for salaries, only little for innovation or capital investment in schools and training programmes. • **Massive Out-of-School Population**: Over 10 million children aged 5–14 not attending school (with UNICEF citing 18.3 million out-of-school overall), especially acute in northern regions. • **Regional & Gender Gaps**: Female attendance in some northern states below 50 %; cultural norms and early marriage worsen drop-out rates for girls. • **Poor Infrastructure & Quality**: Insufficient classrooms, overcrowded public schools and frequent teacher shortages lead to low learning outcomes, 61 % primary attendance and only 35.6 % early childhood enrolment. • **Limited Tertiary Capacity**: Roughly 2 million candidates vie annually for ~500,000–700,000 university slots, leaving many without higher education access. • **Stigma Around Vocational Training**: Families favour university degrees, leaving TVET enrolment low (~43,354 in technical colleges vs. ~4.4 million in general secondary schools).	• **New National Policy on Skills Development** focusing on unified coordination, industry-relevant training, quality assurance and certification, youth and women's empowerment and private-sector participation. • **Specialised Agencies**: Bodies such as the National Board for Technical Education (NBTE), National Directorate of Employment (NDE) and Industrial Training Fund (ITF) can coordinate and expand skills-training initiatives. • **Donor Engagement**: International partners (World Bank, AfDB, GIZ) bring funding and technical support for large-scale, long-term reforms. • **Demand-Driven Expansion**: Mounting pressure for secondary/tertiary places and quality improvements could prompt larger public and private investments (universities, colleges, polytechnics). • **Potential for TVET Growth**: Renewed emphasis on TVET can close skill gaps – if modernised with industry-linked curricula.
Labour Force Characteristics	
• **Limited Formal Job Opportunities**: Formal employment low, mainly accessible to higher-educated individuals. • **Sectoral Employment Imbalance**: Around 45 % employed in agriculture, 36 % in trade/services and only 19 % in wage-paying sectors like industry and administration. • **High Informality**: Dominant employment form (~93 %), higher among women (96 %) and youth (98–99 %). • **Underemployment**: Large proportion of workers under-employed (9.2 %), esp. women (11.2 % vs. men 7.1 %). • **Working Poverty**: Approximately 60 % of workers live in moderate or extreme poverty despite employment. • **Youth Unemployment**: Youth unemployment consistently higher than overall rate, fluctuating between 6.5 %–8.6 % (2022–2024).	• **Largest Labour Force in Africa**: Over 88 million; potential to drive growth if skill levels and job matching improve. • **Urban Hubs**: Cities like Lagos, Abuja, Port Harcourt can offer broader formal-sector opportunities in finance, tech, manufacturing. • **Youthful Demographics**: The median age at 18 reflects vast pool of potentially innovative, tech-savvy workers; but need for targeted upskilling and entrepreneurship support.

[149] ILO. (n.d.). Climate Action for Jobs initiative. https://www.climateaction4jobs.org/; Federal Ministry of Environment (Nigeria). (n.d.). Official website. https://environment.gov.ng/; International Renewable Energy Agency (IRENA). (n.d.). Official website. https://www.irena.org/; Rural Electrification Agency (Nigeria). (n.d.). Official website. https://rea.gov.ng/; Federal Ministry of Agriculture & Food Security (Nigeria). (n.d.). Official website. https://agriculture.gov.ng/; Federal Ministry of Transportation (Nigeria). (n.d.). Official website. https://transport.gov.ng/; Industrial Training Fund (Nigeria). (n.d.). Official website. https://itf.gov.ng/; National Automotive Design & Development Council. (n.d.). Official website. https://naddc.gov.ng/

- **High NEET Rate**: 12.5 % of youths are NEET (Q2 2024), with higher rates among women (14.3 %).
- **Gender Inequities**: Women concentrated in low-paid informal sectors; men dominate agriculture and formal sectors, reinforcing income disparities.
- **Regional Disparities**: Employment opportunities skewed towards southern urban centres, with northern, rural areas predominantly informal and agricultural.
- **Vulnerable Groups Exclusion**: Significant barriers persist for IDPs and persons with disabilities, limiting their economic participation.
- **Child Labour and Forced Labour**: Approximately 39.2 % of children aged 5–17 engaged in labour, with 22.9 % involved in hazardous conditions (2022 data).

Skill Development

- **Mismatch with Industry**: Graduates (including many from universities) often lack practical, problem-solving and digital skills.
- **Shortage of Technicians & Craftspeople**: Outdated technical training leads to reliance on expatriates or informal workers for skilled trades (plumbers, electricians, machinists).
- **Limited Soft Skills**: Communication, teamwork, and customer-facing abilities remain weak among entry-level hires; these competencies are rarely integrated into formal curricula.

- Implementation of the **National Skills Qualifications Framework** (NSQF) to standardise certifications and lifelong learning.
- Introduction of **Competency-Based Curricula** directly linking educational outcomes to employer needs.
- **Skills Development Programmes**, e.g. Digital Skills Initiatives (DSN, NITDA Digital States).
- **Strong public-private partnerships** aligning training with market demands.

New Job Profiles

- **AI Disruption**: Uncertainty about how automation and AI will reshape low- and mid-skilled roles.
- **Specialised Research**: Limited local data on sector-specific impact, hindering preparedness.

- **Potential new occupation profiles** in Agriculture & Environment, ICT, Manufacturing & Industry, Finance, Construction & Infrastructure, Healthcare and Tourism.

Just Transition Implications

- **Weak integration of green skills** into mainstream curricula (schools, TVET, universities).
- **Limited structured reskilling pathways** for oil & gas workers → risk of stranded skills.
- **Gender and youth exclusion** in green skills training and decision-making processes.
- **Insufficient collaboration** between government, industry and training institutions to scale green skills.

- **Strong demand for new green job profiles**: renewable energy technicians, EV mechanics, recycling operators, agroforestry advisors, environmental remediation.
- **Targeted reskilling of oil & gas workers** for renewables, natural gas transition, hydrogen and biofuels.
- **Integration** of climate-smart agriculture, waste management and energy efficiency **into vocational training**.
- **Public-private partnerships** to fund and deliver large-scale green training and certification.
- **Inclusion-focused programmes**: empowering women in solar and youth in oil-producing regions through reskilling and green entrepreneurship.

5 Matching Labour Demand and Supply

5.1 Institutional and Policy Landscape

Besides the **Federal Ministry of Labour and Employment (FMLE)** (see chapter 2.2.), **public key stakeholders** for matching labour demand and supply are:

- Operating under the FMLE, a **network of Employment Exchanges (job centres)** across some states, intended to register job seekers and match them with vacancies.
- The **Ministry of Youth Development** coordinates youth empowerment programmes like entrepreneurship training.
- **The Ministry of Women Affairs** runs programmes to enhance on women's inclusion.

Nigeria has a **national minimum wage** (currently NGN 70,000 per month, roughly USD 45-50) which is meant to apply to all establishments (with some exceptions for small firms). Enforcement of minimum wage and labour standards is spotty, especially in the informal economy where most workers earn less. The government does adjust the minimum wage periodically (last in 2024) through a tripartite process involving the Nigeria Labour Congress (NLC) and employers. For further relevant policies, refer to chapter Framework Conditions.

However, according to World Bank and ILO, the **effectiveness of institutions is hampered by**:

- **Poor coordination**: Ministries, agencies and programmes often operate in isolation, leading to duplication of efforts and fragmented outcomes.
- **Weak implementation capacity**: Policies are often not adequately translated from paper to practice, and institutions like public employment services suffer from underfunding, outdated technology and limited outreach.[150]

5.2 Labour Market Information System

Nigeria has developed a **Labour Market Information System** (LMIS) to enhance job matching and inform policy decisions. The national LMIS serves as a centralised platform providing comprehensive data for job seekers, employers, policymakers and researchers to make informed decisions about careers and labour force planning. Yet, Nigeria's LMIS faces several challenges:

- **Data Quality and Consistency**: Fragmentation and inconsistency in data collection processes compromise data quality in timelines, completeness and relevance.
- **Limited Private Sector Integration**: Minimal involvement of private employment agencies limits comprehensive market coverage.

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[150] World Bank. (2021). Nigeria Jobs Diagnostic: Pathways to Better Jobs in Nigeria. Washington, DC: World Bank Group; International Labour Organization (ILO). (2023). Assessment of public employment services in Nigeria. ILO. https://www.ilo.org/wcmsp5/groups/public/@africa/@ro-abidjan/@ilo-abuja/documents/publication/wcms_876579.pdf

- **Capacity and Infrastructure Constraints**: More and continued investment in technical infrastructure and human resource capacities is required for enhanced efficiency.[151]

In addition to the national system, **regional initiatives** have been established, such as the Lagos State LMIS implemented by the Lagos State Employment Trust Fund in cooperation with the Lagos State Ministry of Wealth Creation & Employment and the State Ministry of Economic Planning and Budget. It aggregates data from various sources, including online job postings, job seeker interviews and student surveys to offer insights into sectoral growth, in-demand skills, salary levels and training programme needs. Furthermore, **sector-specific systems** like the Construction LMIS (C-LMIS, managed by the Council of Registered Builders of Nigeria) focus on specific industries. C-LMIS is designed to collect labour market information about artisans, craftsmen, skilled tradespeople, training providers and construction companies.[152]

5.3 Matching Mechanism

Public and private initiatives better to align labour supply with market demand have been established, but major challenges among matching mechanisms persist, including rapid population growth or resource constraints within public employment systems. Below, key issues are analysed.

Job-Seeking Trends and Challenges

As outlined before, approximately 53 % of Nigerian youth (aged 15-34) were unemployed or underemployed as of 2023, exacerbated by and leading to issues such as:

- **Informal Networks and Referrals**: By far the most common way Nigerians find jobs (especially in the informal sector) is through personal and social networks. Family, friends, community members or acquaintances inform each other about job openings through word-of-mouth or bring someone into a business. Since trust plays a critical role for hiring in the absence of robust formal screening, many employers prefer to hire someone recommended by someone they know, which even extends to formal sector jobs. Since networking as part of job searching is especially pronounced in Nigeria due to the lack of formal services, there is the risk to exclude those without connections and perpetuate nepotism, where jobs go to less qualified insiders over-qualified outsiders. [153]
- Many **job seekers are not registered**, so employers have difficulty finding them except through word-of-mouth. **Information asymmetry** is huge: people often do not know where opportunities are, and employers do not know where to find skilled workers.
- Additionally, a **geographical mismatch** since jobs may be available in e.g. cities like Lagos or Abuja, but unemployed may be far away and unable to migrate.
- **Cultural aspects**: There is a **phenomenon of credential preference** – many formal sector employers prefer university graduates even for jobs that do not necessarily require a degree. This leaves skilled non-graduates under-matched to jobs they could perform.
- **Corruption and nepotism in hiring**, especially for government jobs, also distort matching.

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[151] International Labour Organization (ILO). (2024). Navigating Nigeria's economic and labour market challenges: Pathways to inclusive growth and structural transformation. https://www.ilo.org/sites/default/files/2024-11/Nigeria%20policy%20brief%207%20Nov.pdf

[152] Council of Registered Builders of Nigeria (CORBON). (n.d.). Construction Labour Market Information System (C LMIS). https://clmis.corbon.gov.ng

[153] International Labour Organization (ILO). (2023). Assessment of public employment services in Nigeria. https://www.ilo.org/wcmsp5/groups/public/@africa/@ro-abidjan/@ilo-abuja/documents/publication/wcms_876579.pdf

- **Extended Job Search Duration:** Young job seekers often spend months or even years searching for suitable employment, exacerbated by insufficient access to reliable information on vacancies and limited formal career guidance.
- **Discouragement Among Job Seekers:** Many individuals become discouraged after prolonged unsuccessful job searches, leading them to abandon seeking formal employment altogether, particularly impacting rural and semi-urban areas.[154]
- **Direct approach and "hustle culture"**: With view to the few formal wage jobs, many Nigerians proactively create own income opportunities and often simply start offering a service or product informally – essentially creating a self-employment "job" rather than finding one. Examples are selling goods in traffic, become barbers or tailors operating from home, or start a one-person transport service with a motorcycle or *keke* (tricycle).[155]

Job Placement Success Rates

Nigeria continues to have a range of **unfilled vacancies** due to skill gaps and mismatches, particularly in ICT and Digital Services, healthcare, manufacturing and construction, and transport and logistics (see for more details chapter 4.4.). [156]

Measuring actual job placement success rates, however, is complex in Nigeria due to the limited accuracy and availability of employment data. Although job creation has been reported, the actual success in placing job seekers sustainably remains inconsistent. Key issues include:

- **Domestic Placements:** Reported successes vary significantly by region, with higher rates observed in urban and economically vibrant areas compared to rural regions.
- **Data Reliability Issues:** Discrepancies exist between reported job creation and actual employment outcomes, reflecting weak monitoring and evaluation frameworks within public employment initiatives.[157]

Public Employment Services

The National Electronic Labour Exchange (NELEX) is Nigeria's official public employment platform, established and managed by the FMLE. It primarily aims to **facilitate job matching by digitally connecting job seekers** with available employment opportunities posted by employers. The platform operates both an online portal and physical job centres located in major Nigerian cities, providing registration services, career guidance and vacancy information, while assisting employers in finding suitable candidates. However, despite its critical role, NELEX encounters several structural and operational challenges that have considerably limited its effectiveness:

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[154] National Bureau of Statistics (NBS). (2024). Nigeria Labour Force Survey (Q1 2024). https://www.nigerianstat.gov.ng/elibrary/read/1241568; African Liberty. (2024). Nigeria in crisis due to youth unemployment. https://www.africanliberty.org/2024/07/22/nigeria-in-crisis-due-to-youth-unemployment/

[155] Onwo, A. O., & Ohazulike, G. A. (2021). Employment in the informal sector in Nigeria: Implications for sustainable economic development. UNIZIK Journal of Business. https://www.researchgate.net/publication/352695633

[156] MyJobMag. (2025, May 23). Indemand jobs that employers find hard to fill in 2025. https://www.myjobmag.com/blog/indemand-jobs-that-employers-find-hard-to-fill; International Labour Organization (ILO). (2023). Assessment of public employment services in Nigeria. https://www.ilo.org/wcmsp5/groups/public/@africa/@ro-abidjan/@ilo-abuja/documents/publication/wcms_876579.pdf

[157] National Bureau of Statistics (NBS). (2024). Nigeria Labour Force Survey (Q1 2024). https://www.nigerianstat.gov.ng/elibrary/read/1241568; African Liberty. (2024, July 22). Nigeria in crisis due to youth unemployment. https://www.africanliberty.org/2024/07/22/nigeria-in-crisis-due-to-youth-unemployment/

- **Lack of a dedicated governance structure** within the FMLE, leading to low prioritisation, insufficient investment and weak partnership development. Performance management and service quality tends to be inadequately informed or strategically coordinated.
- At the organisational level, NELEX struggles to clearly differentiate between its **physical job centres** and the **online portal**, causing confusion among users and management. The **overlap** between NELEX Job Centres and Migrant Resource Centres further complicates financial accountability and user perceptions about the core services provided.
- Staff at NELEX centres and the portal often perform generalised duties **without specialised training**, undermining service quality and outcomes.
- NELEX provides **limited support to Nigeria's extensive informal sector**, which includes issues of inclusivity, as digital access and IT skills remain essential but inaccessible to many job seekers, particularly women and persons with disabilities.[158]

At the **state level**, some governments have set up their own job agencies or vocational programmes (e.g. Lagos has an Employment Trust Fund supporting youth entrepreneurs; Edo State the skills development agency EdoJobs). These localised efforts sometimes partner with private sector and NGOs to place youths into internships or set them up with business grants.

Private recruitment agencies and job portals

In the formal sector, **private recruiters** play a growing role. Recruiting firms in Nigeria headhunt or shortlist candidates for client companies – especially for white-collar jobs in banking, oil and gas, telecommunication, etc. These agencies advertise in newspapers or online and maintain databases of CVs. Additionally, **online job portals** like Jobberman, HotNigerianJobs, MyJobMAg, NG Careers and LinkedIn are widely used by educated job seekers. Jobberman (one of the largest) allows employers to post vacancies and candidates to apply online; it also offers tests and training. These digital platforms have gained popularity among graduates and have had some success matching them to entry-level roles in companies. Jobberman e.g. announced that is has placed 130,000 Nigerians in employment since 2020 and has trained over 280,000 job seekers in soft skills. Social media (X (formerly Twitter), Facebook, WhatsApp groups) also function as informal job boards – it is common to see job postings circulated in WhatsApp alumni groups or on X job threads. While these tools are great for those with internet access and formal education, they cover only a small fraction of the total labour market (mostly urban, educated job seekers).[159]

Apprenticeships and internships

Many Nigerian youths find work placement through apprenticeship arrangements. In the **informal sector, apprenticeship** under a master is a way to learn a trade and eventually get "matched" to the labour market (often by setting up one's own shop after completion). In the formal sector, internships (industrial training for students, or National Youth Service Corps (NYSC) postings for fresh graduates) serve as a key matching mechanism. The NYSC programme each year deploys tens of thousands of graduates to workplaces across Nigeria for one year of national service. Upon

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[158] World Association of Public Employment Services (WAPES). (2024, April 25). Innovative public employment services in Nigeria: A comprehensive ILO assessment. https://wapes.org/blog/2024/04/25/innovative-public-employment-services-in-nigeria-a-comprehensive-ilo-assessment

[159] Jobberman Nigeria. (n.d.). Jobberman–Find jobs, hire talent. https://www.jobberman.com/; Okojie, J. (2022, January 25). Jobberman places 130,000 Nigerians in paid employment in 2 years. BusinessDay. https://businessday.ng/news/article/jobberman-places-130000-nigerians-in-paid-employment-in-2-years/

completion, some get retained by their host employer or make connections that lead to a job later. For others, it at least provides work experience to put on their CV. Companies often use their NYSC placements as a recruitment pipeline, selecting the best to hire full-time.[160]

There is also a number of **graduate trainee programmes** run by larger companies, which effectively represent a matching mechanism: large banks, consumer goods companies and tele-communication firms hire batches of fresh graduates into trainee roles and then absorb them into permanent positions after training, but programmes being competitive and advertised widely.

Active labour market measures

Government and donor-run ALMMs sometimes assist in matching. For instance, the N-Power programme also placed youth in internships as teaching assistants, health assistants and other positions with a stipend, which led to some participants of N-Power having been employed in civil service or found related jobs afterwards.[161] Similarly, youth job fairs or job matching events are occasionally organised (e.g. by NYSC or state governments) to connect employers with job seekers, although these are not yet institutionalised or regular in most places.

Enabling factors for matching

Improving matching mechanisms will likely involve strengthening formal channels and integrating them with the realities of informal networks. For instance, **enhancing job centre services** by **partnering with local trade associations** could bring more informal vacancies to be listed. **Digital platforms** could expand their reach by developing SMS-based job alert systems for those without smartphones. There is also room for **community-driven job matching**: local governments or NGOs often know community members and could act as intermediaries linking youths to nearby opportunities (e.g. some local initiatives in the Niger Delta have done this for ex-militants).

Another important mechanism in need of expansion is **career guidance and counselling**. Many young Nigerians make education and training choices without labour market information, often leading to mismatches. If schools and universities had stronger career services, students could be guided towards fields with demand and connected to internships early.[162]

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[160] Nestlé Central & West Africa. (n.d.). Graduates, apprentices & internships. https://www.nestle-cwa.com/en/jobs/graduates-apprentices-internships

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5.4 Most relevant constraints and most promising opportunities – Matching Labour Demand and Supply

Below is an overview of the most relevant constraints (factors hampering productive employment) and most promising opportunities (potential for creating or improving employment).

Most Relevant Constraints	Most Promising Opportunities
Institutional and Policy Landscape	
• **Fragmented Responsibilities**: Multiple ministries (Labour, Youth, Women Affairs, Education) and agencies (NDE, NBTE) operate in silos, causing ineffective coordination, overlaps and confusion in job-matching. • **Weak Implementation**: National policies suffer from limited funding and follow-through. • **Underfunded Public Services**: Public Employment Services (e.g. employment exchanges) lack modern infrastructure, technology and skilled staff.	• **Existing Legal Frameworks**: A minimum wage law (though imperfectly enforced) and standardised labour regulations is in place. • **National Directorate of Employment (NDE)**: Decades-long experience and nationwide offices offer a platform to scale labour relevant support.
Matching Mechanism	
• **Information Asymmetry**: Employers often do not publicly list openings, so job seekers remain unaware of opportunities. • **Limited Reach of Public Employment Services**: NELEX struggles with underinvestment, unclear governance and low awareness, leaving most vacancies unregistered. • **Overreliance on Informal Networks**: Most jobs (especially informal sector) are filled by word-of-mouth, excluding those without connections. • **Corruption and Nepotism**: Public sector openings can be influenced by personal connections or bribery, distorting merit-based hiring and discouraging qualified applicants. • **Geographical Mismatch**: Jobs in urban areas (Lagos, Abuja), but unemployed workers in rural areas cannot benefit due to relocation costs and limited mobility. • **Cultural & Credential Bias**: Employers prefer degree holders – even for roles that could suit TVET graduates – reducing efficient placement of mid-level skilled labour.	• **Growth of Private Recruitment & Portals**: Digital platforms (Jobberman, LinkedIn, etc.) and private agencies are expanding formal sector job matching. • **Apprenticeships & Internships**: Informal (trade apprentices) and formal (NYSC, graduate trainee schemes) pathways can effectively bridge education to employment if scaled and standardised. • **ALLMs**: Government/donor-led initiatives (N-Power, job fairs) provide placements and stipends. • **Potential Integration of Informal Sector**: Partnerships between job centres and local trade associations could formalise postings, improving transparency and matching at MSME level.

6 RECOMMENDATIONS

The recommendations in this chapter are based on the employment creation constraints and opportunities identified across each part of this ELMA study of Nigeria. They comprehensively address the framework conditions, labour demand, labour supply and the critical need for effective matching between labour demand and supply.

These recommendations are intended to **support German development cooperation and Nigerian public and private sector institutions** that are actively engaged in analysing, preparing and implementing development measures designed to improve the Nigerian employment environment.

The recommendations are a summary of inputs from interviews with stakeholders during the elaboration process of this ELMA, utilised sources from international organisations (e.g. World Bank, IMF, ILO, etc.) and national sources (e.g. research institutes, development strategies).

The recommendations are categorised by the expected duration required to achieve potential employment effects:

- **Short-term**: One to two years.
- **Medium-term**: Three to five years.
- **Long-term**: More than five years.

Given that many structural issues associated with framework conditions require long-term strategies and considering that typical projects implemented by GIZ usually span around three years, the recommendations primarily focus on short- and medium-term interventions. They are selected based on available information concerning:

- **Impact**: Likelihood of employment benefits.
- **Ease of implementation**: Feasibility regarding available resources, stakeholder coordination, and practical execution.
- **Actors involved**: Efficiency and potential productivity of stakeholder collaboration.
- **Relevance to current situation**: Suitability given the specific socio-economic context.
- **Sustainability**: Ability to maintain efforts and benefits over time.

Due to the complexity and diversity of topics addressed, not all recommendations can have the same degree of detail; some require further detailed analysis or stakeholder validation.

6.1 General recommendations

Framework Conditions

The following table outlines key constraints and opportunities shaping the country's framework condition, alongside corresponding recommendations.

Table 13: Constraints and Recommendations (Framework Conditions)

Constraint/ Opportunity	Recommendation	Details	Employment effects
• C: Persistent macroeconomic volatility	Support measures for macroeconomic stability	• Unification of the exchange rate to reduce market distortions • Abolition of fuel subsidies to free up budgetary resources for social spending • Introduction of measures to control inflation through monetary tightening (World Bank May 2025) • Provide conditions for cross-border long-term financial and productive investments that can stimulate structural transformation and employment creation	Medium-/ Long-term
• C: Low tax-to-GDP ratio and revenue volatility	Modernise tax administration and expand the tax base	• Digitise tax collection; risk-based audits; capacity building for tax officials; support formalisation pathways for informal firms	Medium-term
• C: Deficient transport, power and logistics infrastructure	Targeted infrastructure investment and PPPs	• Co-finance/structure PPPs for roads/ports/power; grid reliability; industrial park utilities; rural broadband expansion	Medium-/ Long-term
• O: High diaspora remittances and interest in investing back home	Support the operationalisation of a transparent Nigeria Diaspora Fund	• Strengthen the governance framework, investor protection, diaspora activation (leverage project experience of GIZ/WIDU project)	Medium-term
• C: High dependence on fossil fuels; rising climate risks • O: Climate Change Act	Accelerate green transition measures	• Green bonds; standards and enforcement; incentives for renewables, energy efficiency, climate-smart agriculture	Medium-/ Long-term

Labour Demand

The following table outlines key constraints and opportunities shaping the country's labour demand, alongside corresponding recommendations.

Table 14: Constraints and Recommendations (Labour Demand)

Constraint/ Opportunity	Recommendation	Details	Employment effects
• C: Financing gaps for MSMEs and high operating costs	Scale MSME finance and de-risking instruments	• Credit guarantees schemes, new financial products for MSME	Short-/ Medium-term
• O: Vibrant start-up ecosystem; Nigeria Start-up Act • C: Regional concentration: 90 % of tech start-ups based in Lagos	Support implementation of Start-Up Act	• Support incubators/accelerators beyond Lagos/Abuja; seed/early-stage finance	Short-/ Medium-term
• C: Limited export capability; oil dependency	Export promotion and standards upgrading	• Simplification of export procedures • Training programmes for authorities to improve export promotion • International quality standards and certifications for MSMEs	Medium-term
• C: Outdated legal frameworks, weak local integration, infrastructure deficits • O: Job creation potential	Modernise SEZ legal/operational frameworks	• Support one-stop services • Labour/ESG compliance • Link parks to local suppliers • Performance-based management	Medium-term
• O: Strong green-jobs potential in energy, agriculture, circular economy	Support green investment programmes	• Support project preparation for mini grids, recycling, climate resilient value chains	Short-/ Medium-term

Labour Supply

The following table outlines key constraints and opportunities shaping the country's labour supply, alongside corresponding recommendations.

Table 15: Constraints and Recommendations (Labour Supply)

Constraint/ Opportunity	Recommendation	Details	Employment effects
• C: Chronic underfunding and access gaps in education (regional/gender)	Increase education financing and equity programmes	• Targeted capital expenditure for schools/TVET • Scholarships for girls • Foundational skills (literacy, numeracy, ICT)	Medium-term
• C: Stigma and weak practical relevance of TVET; skills mismatches	Improving vocational training and qualifications	• Promoting dual training systems in cooperation with industry • Updating curricula to integrate digital skills • Mainstreaming life skills into curricula	Medium-term

• O: Just Transition requires new technical profiles	Green vocational training & upskilling	• Expansion of continuing education programmes for workers • Development of new qualification programmes (adaptation and development of new curricula)	Short-/ Medium-term
• C: High gender gap	Women Empowerment	• Promotion of flexible working models • Mentoring programmes • Targeted career development (management) • Access to microcredit (informal sector)	Medium-term

Matching Labour Demand and Supply

The following table outlines key constraints and opportunities shaping the country's matching of labour demand and supply, alongside corresponding recommendations.

Table 16: Constraints and Recommendations (Matching Labour Demand and Supply)

Constraint/ Opportunity	Recommendation	Details	Employment effects
• C: Lack of job matching mechanism	Expansion of ALMMs	• Increased investment in structured employment programmes (e.g. job fairs, internship programmes)	Short-/ Medium-term
• C: Weak capacity of labour market institutions	Strengthening labour market institutions	• Comprehensive capacity building of employment centres (similar to GIZ support in Edo)	Medium-term
• C: NELEX underperformance; low awareness and weak data quality	Modernise public job platforms and LMIS.	• Rebuild NELEX UX/data; APIs and dashboards • Employer outreach and marketing • Integration with regional job centres	Short-/ Medium-term
• C: Geographic mismatch rural ↔ urban jobs	Mobility and relocation support within ALMPs	• Mobility stipends • Temporary housing • Regional job fairs • Digital pre-placement and counselling	Short-term
• O: Apprenticeships/trainee schemes already popular	Scale and standardise apprenticeships and internships	• Quality standards, • incentives for firms • Wage subsidies for first jobs	Short-term

6.2 Sectoral Recommendations

In addition to the recommendations addressing framework conditions, labour demand, supply, and matching, this section provides targeted sectoral recommendations derived from the sector-specific analysis and enriched by insights gathered through expert interviews.

Agriculture & Agro-processing

Table 17: Recommendations (Agriculture & Agro-processing)

Recommendation	Details
Invest in agro-processing capacity and cold chain logistics	• Support SME food processors with machinery, quality control, packaging • Support the operationalisation of agro-industrial zones (SAPZ)
Strengthen food safety standards and certification services	• Train SMEs in HACCP/ISO • Expand accredited labs; support export certification
Climate-smart practices	• Promote conservation agriculture, crop rotation, mulching, drought-tolerant seeds and agroforestry to boost resilience and yields • Introduce climate-risk insurance for farmers
Agri-tech & digitalisation	• Scale up smart irrigation, precision farming, drone monitoring and digital extension services; support agri-tech start-ups and digital marketplaces connecting farmers to buyers
Skills & inclusivity	• Provide vocational training in machinery operation, digital tools, quality standards and export compliance • Strengthen extension services • Improve land access for women and youth.

Information & Communication Technology (ICT)

Table 18: Recommendations (ICT)

Recommendation	Details
Cybersecurity & governance	• Strengthen digital safeguards, regulatory frameworks, and cybersecurity capacity
Expand broadband infrastructure and affordable access	• Improve broadband (e.g. rural broadband PPPs) • Subsidised data plans for students • Support community ICT centres in rural areas
Start-up promotion	• Support start-up (especially Fin-tech, AI startups), focus on smaller urban/peri-urban centres (besides Lagos and Abuja) • Expand international market access
Skills development	• Invest in digital skills training in areas like cybersecurity, AI, cloud computing • Align curricula with employer needs

Manufacturing

Table 19: Recommendations (Manufacturing)

Recommendation	Details
Cluster development in industrial zones with shared utilities	• Rehabilitate key industrial zones • Shared renewable energy supply • Streamlined customs and logistics services
Partnerships between firms and TVET for industrial skills	• Align vocational training with industry needs (machinery operation, quality assurance, R&D) • Expand on-site training; apprenticeship programmes, dual training approaches
Access to finance	• Expand affordable credit lines for MSMEs • Provide targeted financing for machinery upgrades, automation & green tech
Export market expansion	• Support manufacturers to meet international quality and safety standards • Promote branding and marketing for West African and European markets, especially in pharmaceuticals, textiles, and processed foods
Sustainable production	• Promote waste reduction, eco-friendly materials, and compliance with global sustainability certifications to improve competitiveness

Green Construction

Table 20: Recommendations (Green Construction)

Recommendation	Details
Promote green construction standards	• Enforce green building codes • Train builders in sustainable methods
Local materials development	• Develop eco-materials like bamboo, eco-bricks, recycled plastics locally • Develop local supply chains
Green construction skills training	• Short courses in solar installation, insulation, rainwater harvesting systems for construction sector workers
Technology adoption	• Implement smart systems – HVAC, insulation, water harvesting – via pilot projects
Market awareness	• Run campaigns on environmental, health, and cost benefits of green buildings

Creative Industries

Table 21: Recommendations (Creative Industries)

Recommendation	Details
Support the operationalization of the Creative Economy Growth Plan	• Legal support for IP registration and enforcement • Creative industry fund • Public-private hubs for film, music, fashion • Extent mentorship schemes • Capacity building in digital distribution and marketing
Support inclusive approaches	• Promote youth and women inclusion, digital platforms and ecosystem resilience in creative jobs

ANNEX 1: GLOSSARY

TERM	DEFINITION
Active Labour Market Measures	Active labour market policies (ALMP) address inefficiencies in the matching process with the objective of reintegrating the unemployed into the labour market. Inefficiencies in labour markets are manifold, e.g. regional frictions between vacancies and jobseekers, mismatch between labour demand and supply owing to discrepancies between competencies of job seekers and required skills, unemployment due to business cycle movements. ALMP include • Career guidance: information, counselling, placement • Job search: information, counselling, placement • Measures for recruiting staff: apprenticeships, subsidized work contracts, publicly funded trainings / skills development • Measures for retaining staff: continuing education and training, career development
Age-based Dependency Ratio	The age-based dependency ration is defined as the total population in the inactive age-groups (typically under 15 and over 65 years) divided by the total working-age population, typically 15-64 years old. This indicator is used to describe demographic structures and assess their pressures on the labour market to create jobs (see also actual dependency ratio).
Deficit of Productive Employment	The deficit of productive employment consists of those who are in the labour force but do not have productive employment. It encompasses two categories: the working poor and the unemployed.
Discouraged Workers	Discourages workers are persons not currently in the labour market who want to work but do not actively "seek" work because they think they will not find any (e.g. they view job opportunities as limited, or they do not seek work because they have restricted labour mobility, or face discrimination, or structural, social or cultural barriers (also called the "hidden unemployed"). Discouraged workers are a subgroup of the inactive labour force. Regardless of their reasons for being discouraged these potential workers are generally considered underutilized. The presence of discouraged workers is implied if the measured labour force grows when unemployment is rising (although demographic pressures should also be taken into consideration). People who were not counted as unemployed (because they were not actively searching for work) may change their mind and look for work when the odds of finding a job improve.
Domestic Credit to Private Sector	The domestic credit to private sector refers to financial resources provided for the private sector, such as loans, purchases of non-equity securities, and trade credits and other accounts receivable that establish a claim for repayment. For some countries these claims include credit to public enterprises.
Domestic Savings Rate	The domestic savings rate share of domestic savings as a percentage of GDP
Economically Active Population	all persons of either sex who furnish the supply of labour for the production of goods and services during a specified time-reference period (see also working-age population)
Employed	Employed are all persons above a specific age who during a specified brief period, either one week or one day, were either in paid employment or self-employment, employers, own account workers, or unpaid family workers
Employment by Sector	This indicator disaggregates employment into three broad sectors – agriculture, industry and services – and expresses each as a percentage of total employment. The indicator shows employment growth and decline on a broad sectorial scale, while highlighting differences in trends and levels between developed and developing economies. Sectorial employment flows are an important factor in the analysis of productivity trends, because within sector productivity growth needs to be distinguished from growth resulting from shifts from lower to higher productivity sectors.
Employment Service Providers	Employment service providers are required to improve the matching situation, and most countries have public employment services to fulfil this role. The services offered differ according to the institution, but

	in general the provider will support the job seeker for getting a job. This includes the job search, review of the CV, trainings on interview skills, on-the-job training and sometimes even modifying the workplace to meet your needs.
Employment-to-Population Ratio	Employment-to-population ratio is defined as the proportion of a country's working-age population that is employed (the youth employment-to-population ratio is the proportion of the youth population – typically defined as persons 15 to 24 years – that is employed). A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities, because they are either unemployed or out of the labour force altogether.
Foreign Direct Investment (FDI)	Foreign direct investment is an investment made by a company or entity based in one country into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, when overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies.
Gazelles	Gazelles are – unlike the majority of SMEs - fast growing businesses (sustained annual growth rate of 20 % over a three to four year time period) with high employment creation (positive net new jobs).
Gini Coefficient	Gini coefficient, also called Gini index or Gini ratio, is a measure of statistical dispersion intended to represent the income or wealth distribution of a nation's residents, and is the most commonly used measurement of inequality. The Gini coefficient measures the inequality among values of a frequency distribution (for example, levels of income). A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income). A Gini coefficient of one (or 100 %) expresses maximal inequality among values (e.g. for a large number of people, where only one person has all the income or consumption, and all others have none, the Gini coefficient will be very nearly one).
Gross Capital Formation Rate	Gross Capital Formation rate (formerly gross domestic investment) consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales, and incomplete goods. According to the 1993 SNA, net acquisitions of valuables are also considered capital formation.
Gross Domestic Product (GDP)	Gross Domestic Product (GDP) is the market value of all officially recognized final goods and services produced within a country in a given period (usually calendar year). This indicator is a very broad, macroeconomic measure for how well the economy is performing. Frequent, regular and quite consistent measuring of GDP in practically all countries of the world allows comparing economic performances as well as – together with other indicators – the nexus between economic growth and e.g. poverty reduction or labour force developments. Real GDP measures the total income of everyone in the economy (adjusted for the level of prices). GDP per capita is calculated as GDP divided by the average (or mid-year) population of the same reference period as GDP. It is a measure of the average income in an economy. GDP indicators are often used as a measurement for the standard of living. However, GDP has its limitations in measuring living standards: • It does not inform about the distribution of wealth within a country. • It does not differentiate between economic output that benefits the population and economic bads in a country. • It does not reflect non-market activities such as unpaid housework. • An increasing GDP does not necessarily correspond with increasing employment: due to technological advances requiring less employment, the employment ratio may decrease • In most cases, activities of the informal economy are not included in a country's GDP.

Human Development Index (HDI)	Human Development Index is a composite index developed by UN which tries to measure human development more adequately than GDP per capita alone. It measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. Four indicators underpin these dimensions: life expectancy at birth (health), mean years of schooling and expected years of schooling (education), and gross national income per capita (standard of living). Data availability determines HDI country coverage. A Human Development Index (HDI) adjusted for inequality in distribution of each dimension across the population, a gender inequality index, and a multidimensional poverty index are provided by the Human Development Report Team, as well.
Inactive People	Individuals are inactive if they are neither employed nor unemployed, that is, not actively seeking work. Inactive people are, by definition, outside of the labour force. There are a variety of reasons why some individuals do not participate in the labour force; such persons may be occupied in caring for family members; they may be retired, sick or disabled or attending school; they may believe no jobs are available; or they may simply not want to work.
Inactivity Rate	The inactivity rate is defined as the percentage of the population that is neither working nor seeking work (that is, not in the labour force). When added together, the inactivity rate and the labour force participation rate will add up to 100 per cent.
Income Distribution	The Gini index is a convenient summary measure of the degree of inequality based on either income or expenditure. It measures the inequality among values of a frequency distribution (for example levels of income). A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has an exactly equal income). A Gini coefficient of one (100 on the percentile scale) expresses maximal inequality among values (where only one person has all the income)
Informal Economy	The Informal economy forms part of the market economy. It covers informal employment both in informal enterprises (small unregistered or unincorporated enterprises), and outside informal enterprises. Informal entrepreneurs and workers share one important characteristic: they are not recognized or protected under existing legal and regulatory frameworks. The informal economy does not include the criminal economy and the reproductive or care economy.
Informal Employment	The Informal employment includes all remunerative work, i.e. both self-employment and wage employment, that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income producing enterprise. Informal workers do not have secure employment contracts, worker's benefits, social protection or workers' representation.
Labour Force	The Labour force is the sum of the number of persons employed and the number of unemployed. The fact, that the unemployed are part of the labour force needs to be stressed, because the terms "labour force" and "employment" are sometimes mistakenly used interchangeably.
Labour Force Participation Rate	The Labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The indicator for labour force participation rate plays a central role in the study of the factors that determine the size and composition of a country's human resources and in making projections of the future supply of labour. The information is also used to formulate employment policies, to determine training needs and to calculate the expected working lives of the male and female populations and the rates of accession to and retirement from economic activity – crucial information for the financial planning of social security systems. The indicator is also used for understanding the labour market behaviour of different categories of the population. According to one theory, the level and pattern of labour force participation depend on employment opportunities and the demand for income, which may differ from one category of persons to another. For example, studies have shown that the labour force participation rates of women vary systematically, at any given age, with their marital status and level of education. There are also important differences in the participation rates of the urban and rural populations, and among different socio-economic groups. Malnutrition, disability and chronic sickness can affect the capacity to work and are therefore also considered as major determinants of labour force participation, particularly in low-income environments. Another aspect closely studied by demographers is the relationship between fertility and female labour

	force participation. This relationship is used to predict the evolution of fertility rates, from the current pattern of female participation in economic activity. Ii is related by definitions to other indicators as the employment-to-population ratio which is equal to the labour force participation rate after the deduction of unemployment from the numerator of the rate.
Labour Market Information System	Systems, mechanisms or processes for gathering, organising, providing and analysing information about the state of the labour market, occupations and jobs, including key changes taking place within the employment, jobs and the occupations
Labour Productivity	Labour productivity is defined as output per unit of labour input. Two measures are used e.g. in ILO KILM, GDP per person engaged and GDP per hour worked. Labour productivity is a key measure of economic performance, because economic growth in a country or sector can be ascribed either to increased employment or to more effective work by those who are employed. The latter can be described through data on labour productivity. An understanding of the driving forces behind it, in particular the accumulation of machinery and equipment, improvements in organisation as well as physical and institutional infrastructures, improved health and skills of workers ("human capital") and the generation of new technology, is important in formulating policies to support economic growth.
Micro, Small, and Medium Enterprises (MSME)	There is no universal definition. The choice of MSME definition could depend on many factors, such as business culture; the size of the country's population; industry; and the level of international economic integration. However, usually a combination of different characteristics is used, e.g. number of employees, annual turnover, investment level, etc. Common basis for definition is employment with variation in defining the upper and lower size limit. Despite this variance many sources define an MSME to have a cut-off range of 0-250 employees.
NEET	Part of the working age population which is *Not in Employment, Education or Training*. NEET encompasses the unemployed, discouraged and/or inactive persons.
Paid Employment Jobs	Paid employment jobs are those jobs where the incumbents hold explicit (written or oral) employment contracts which give them a basic remuneration. This is not directly dependent upon the revenue of the enterprise for which they work. Persons in these jobs are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments. Often also referred to as "wage and salaried workers".
Passive Labour Market Measures	Passive labour market policies (PLMP) have been introduced to safeguard people from poverty and loss of income due to unemployment. Thus, instead of addressing inefficiencies in the matching process, PLMP aim at compensating for socially unacceptable labour market outcomes. Unemployment insurance, minimum wages, and social protection measures provide a floor for income protection which is related to meeting minimum needs.
Poverty	Poverty can result when individuals are unable to generate sufficient income from their labour to maintain a minimum standard of living. The extent of poverty, therefore, can be viewed as an outcome of the functioning of labour markets. An estimate of the number of people in poverty in a country depends on the choice of the poverty threshold. However, what constitutes such a threshold of minimum basic needs is subjective, varying with culture and national priorities. Definitional variations create difficulties when it comes to making international comparisons. Therefore, in addition to national poverty measurements the ILO KILM indicator presents data relative to the World Bank international poverty lines of US1.25 and USD2 per person per day.
Productive Employment	Productive employment encompasses those who are in the labour force and who are neither unemployed nor working poor. Hence, the concept of productive employment stands for employed persons, whose income is sufficient to permit them and their dependants a level of consumption above the poverty line.
Qualitative Analysis	Qualitative analysis is defined in the present context as a structured report of observer impressions concerning the underlying reasons for the country-specific employment situation.
Rentier State	The usage is based on the concept of 'rents', based on the ownership of land or resources. Rents are different from wages which must be laboured for. As important oil producer, Nigeria is considered to be a rentier state. Rewards of income and wealth for the rentier do not come as the result of work but rather are the result of chance or situation.

Self-Employment Jobs	Self-employment jobs are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods or services produced (where own consumption is part of the profits). The incumbents make the operational decisions affecting the enterprises or delegate such decision while retaining responsibility. (In this context "enterprise" includes one-person operations.)
Technical and Vocational Education and Training (TVET)	Technical and Vocational Education and Training is a comprehensive term referring to those aspects of the educational process involving, in addition to general education, the study of technologies and related sciences, and the acquisition of practical skills, attitudes, understanding and knowledge relating to occupations in various sectors of economic and social life.
Total Employed according to their status of employment	Indicators of status in employment distinguish between four important and useful categories of the employed – (a) wage and salaried workers, (b) employers, (c) own-account workers, and (d) contributing family workers. Categorization by employment status can help in understanding both the dynamics of the labour market and the level of development of countries. Over the years, and with growth of the country, one would typically expect to see a shift in employment from the agriculture to the industry and services sectors with a corresponding increase in wage and salaried workers and decreases in self-employed and contributing family workers previously employed in the agricultural sector.
Tracer Studies	Survey, in written or oral form, of graduates from education institutions, which takes place sometime after graduation or the end of the training.
Underemployment	Underemployment is underutilization or inefficient use of a worker's skills, qualifications or experience, or where the worker is unable to work as many hours as he or she is willing to do.
Unemployed	Underemployed are all persons above a specified age who during the reference period were "without work", i.e. not in paid employment or self-employment, "currently available for work", i.e. available for paid employment or self-employment during the reference period and "seeking work", i.e. have taken specific steps in a specified reference period to seek paid employment or self-employment.
Unemployment Rate	The unemployment rate is calculated by taking the unemployed (equals the number of persons, which are during a specified reference period without work, but currently available for work and seeking work) as a percentage of the total labour force, which itself is the sum of the total persons employed and unemployed in the group. It should be emphasized that it is the labour force or the economically active portion of the population that serves as the base for this statistic, not the total population. This distinction is not necessarily well understood by the public. Indeed, the terms "labour force" and "employment" are sometimes mistakenly used interchangeably. The overall unemployment rate for a country is a widely used measure of its unutilized labour supply. If employment is taken as the desired situation for people in the economically active population (the labour force), unemployment becomes the undesirable situation. Still, some short-term unemployment can be both desirable and necessary for ensuring adjustment to economic fluctuations. Unemployment rates by specific groups, defined by age, sex, occupation or industry, are also useful in identifying groups of workers and sectors most vulnerable to joblessness. The unemployment rate simply tells us the proportion of the labour force that does not have a job but is available and actively looking for work. However, this indicator says nothing about the economic resources of unemployed workers or their family members. Its use should therefore be limited to serving as a measurement of the utilization of labour and an indication of the failure to find work. Other measures, including income-related indicators, would be needed to evaluate economic hardship. That is why, paradoxically, low unemployment rates may well disguise substantial poverty in a country, whereas high unemployment rates can occur in countries with significant economic development and low incidence of poverty. These results occur because of well-developed social protection schemes and/or available savings or other means of support which enable workers to better afford to take the time to find more desirable jobs. A useful purpose served by the unemployment rate in a country, when available on at least an annual basis, is the tracking of business cycles. When the rate is high, the country might be in recession, economic conditions might be bad, or the country might somehow be unable to provide jobs for the available workers. The goal then is to introduce policies and measures to bring the incidence of unemployment down to a more acceptable level. What that level is, or should be, has often been the source of considerable discussion, as many consider that there is a point below which an unemployment

	rate cannot fall without the occurrence of intense inflationary pressures. Because of this supposed trade-off the unemployment rate is closely tracked over time.
Value Chain Development	Value chain development is an economic development concept that helps to improve the system around a certain product or service. A value chain is defined by a particular product and its markets, with the community of value chain operators including all enterprises that add value to the product on its way from raw material to the final consumer. Value chain development aims at strengthening the functioning of markets, improving access to jobs and influencing the distributive outcome of market processes.
Vulnerable Employment	Vulnerable employment is defined by labour market status and includes those who are working on their own account or as contributing family workers (unpaid family workers).
Working Age Population	The working age population is the population above a certain age – often aged 15 and older – prescribed for the measurement of economic characteristics (see also economically active population). Typically, the working-age population is defined between 15 and 65 years old.
Working Poor	The group refers to employed persons, whether for wages, on their own account or as unpaid family helpers, whose income is insufficient to bring themselves and their dependents out of poverty. Simplified method to obtain an approximate number of working poor (see ILO (2012a), p. 41): Working poor = total employed population aged 15+ multiplied by headcount poverty rate
Youth Unemployment	According to ILO data on youth unemployment could be presented in the following ways: (a) the youth unemployment rate; (b) the youth unemployment rate as a percentage of the adult unemployment rate; (c) the youth share in total unemployment; and (d) youth unemployment as a proportion of the youth population. These measures should be analysed together; any of the four, when analysed in isolation, could paint a distorted image. For example, a country might have a high ratio of youth-to-adult unemployment but a low youth share in total unemployment. The presentation of youth unemployment as a proportion of the youth population recognizes the fact that a large proportion of young people enter unemployment from outside the labour force. (Youth are defined as young people aged between 15 and 24, part of the labour force.)

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