

Nigeria

July 2020

Scoping Highlights Report

CHALLENGE
FUND
FXR
YOUTH
EMPLOYMENT

This report has been produced by the Challenge Fund for Youth Employment
<https://fundforyouthemployment.nl/>

The Challenge Fund for Youth Employment (CFYE) is a 6-year programme funded by the Netherlands Ministry of Foreign Affairs, managed by Palladium, VSO Nederland and Randstad.

1. Why this report?

The Challenge Fund for Youth Employment (CFYE) was recently launched by the Netherlands Ministry of Foreign Affairs to create more, better and more inclusive jobs for 200,000 young people in the Sahel, the Horn of Africa, the Middle East and North Africa. The Fund is looking for private sector-driven proposals that offer solutions to create and improve jobs and enable better placements for young women and men.

This report presents an overview of the key findings from the scoping study that was performed for Nigeria. Each country has its own specific challenges around youth employment, and each its own unique opportunities to solve them. The goal of this study was to identify the nature of the employment challenges at country level, by mapping across five domains of the labour market: labour demand, job-related skills, culture and social norms, matching and business support (see figure to the rightⁱ) that can provide decent, inclusive and sustainable work for Nigerian youth.

An analysis of the challenges and opportunities within these domains has been used to formulate an evidence-based, contextually responsive and demand-driven call for concept notes. This information was collected through desk research, a workshop with youth and ~50 interviews with employers and key informants in Nigeriaⁱⁱ.

ⁱ Adapted from: Wellington et al., 2015

ⁱⁱ The research took place from January to June 2020. Primary data on the labour market was focused on youth and employers in Lagos, Abuja, Kano and Edo State.

2. What is the problem?

Nigeria has a large population of job seekers that grows every day. Today, more than half of the youth population is unemployed or underemployed. The section below provides more detail to Nigeria's youth employment problem.

In Nigeria, ~24.5 million young men and women are currently either unemployed or underemployed. It is estimated that the COVID19 related global economic recession and lockdown of the economy will further increase this figure.

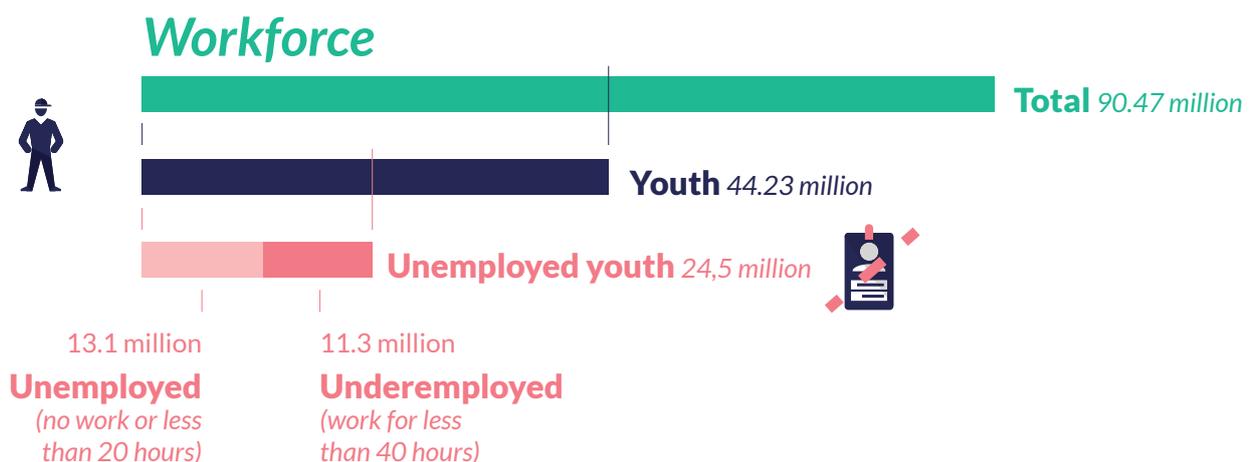
According to the National Bureau of Statistics (NBS), Nigeria's current population is estimated at slightly over 200 million. Of this number, the total available workforce is put at 90.5 million peopleⁱⁱⁱ. Women make up approximately 45% (40.97 million), and 71% of the workforce reside in the rural areas. Also, about 30% never attended school at all, 18% attended only primary school, 32% attended secondary school and only 16% have any post-secondary education^{iv}.

Young people are more likely to face difficulties securing full time employment. Youth make up 44.23 million (or 48.9%) of the total workforce and of this number, over half (24.5 million/55.4%) are either unemployed or underemployed.

This underscores the fact that the youth employment challenge in Nigeria is critical. Of this number, 29.7% (13.1 million) are unemployed (i.e. either not working or working less than 20 hours a week) and 25.7% or 11.3 million are underemployed (part-time, leisure, voluntary or menial work). Underemployment is higher in rural than in urban areas with many workers relying on seasonal work and subsistence agriculture (although unemployment is higher in cities)^v.

More than half of the Nigerian labour force is active in the informal sector. In 2017, it was estimated that Nigeria had about 55 million informal workers, representing 53% of the labour force^{vi}. No doubt that this number is even higher today; an estimated 75% of all new jobs are informal. Informal employment poses many disadvantages including less income security and little access to financial services.

The main employment sectors in Nigeria include waged employment in formal or informal enterprises, household enterprise activities, or agriculture^{vii}. More than 80% of the population works in agriculture or is engaged in a household non-agricultural enterprise^{viii}.



ⁱⁱⁱ National Bureau of Statistics (2019). Labor Force Statistics - Volume I: Unemployment and Underemployment Report (Q4 2017-Q3 2018)

^{iv} Idem

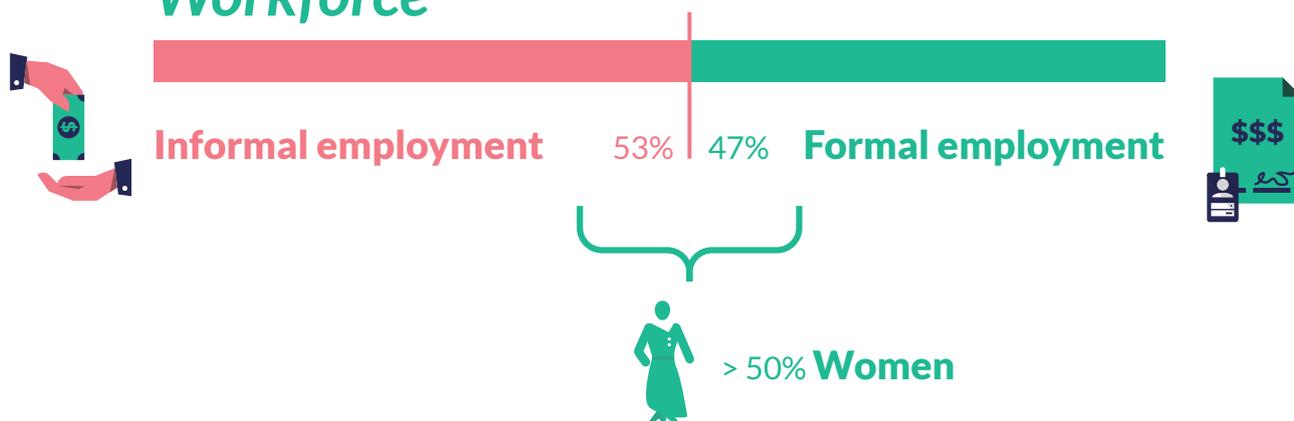
^v Making Cents International (2016)

^{vi} National Bureau of Statistics (2019) Labor Force Statistics - Volume I: Unemployment and Underemployment Report (Q4 2017-Q3 2018)

^{vii} Evoh, C.J., & Agu, U.O. (2015). Employment mapping institutional assessment and coordination mechanism study: the case of Nigeria. For ILO.

^{viii} The World Bank (2016). More, and more, productive jobs for Nigeria. A profile of work and workers.

Workforce



Women in Nigeria experience higher rates of unemployment and underemployment than men. During the third quarter of 2018, 26.6% of women within the labour force (aged 16-64 and willing, able, and actively seeking work) were unemployed, compared to 20.3% of men within the same period^{ix}. This figure is largely driven by early family formation (early marriage and children) and lower rates of enrolment in schools.

Decent work measures in Nigeria are mainly targeted at government employees and even at that, they often haven't been fully embedded. There is limited evidence of decent work measures being implemented and/or enforced in the private sector. Many employees in Nigeria are not earning the minimum living wage, especially in the informal sector. According to Wage Indicator, the gross living wage for a typical family in Nigeria (two parents with 5.6 children) should be at minimum NGN 74,200 (€ 175) per month. For a single adult, it should be at minimum NGN 30,000 (€ 67)^x, which equals €3 per day at 22 working days a month. However, in reality, 37% of Nigeria's working population earns less than US\$1.90 (€ 1.75) a day.^{xi}

The COVID-19 pandemic will affect the youth employment situation in Nigeria. The figures presented above are changing quickly because of employers and self-employed suffering from the economic effects of the COVID-19 crisis. As recent study conducted by the Fate Foundation on how the pandemic is affecting MSMEs in Nigeria revealed that almost all (94%) of the businesses surveyed have been affected with 30% saying that their business may not survive the pandemic. The biggest areas affected were cashflow and sales. Eighty percent of the businesses said that as a result, they would most likely lay off at least 1-5 employees. This will have a significant impact on the existing youth unemployment statistics.

One major challenge that may emerge from this is increased competition for available jobs. Possibly, we may see an example of a type of 'waterbed effect' situation in which highly educated young people who lose their jobs move into underemployment and are pushing out less highly educated or well-connected youth from their jobs.

ix National Bureau of Statistics (2019) Labor Force Statistics - Volume I: Unemployment and Underemployment Report (Q4 2017-Q3 2018)

x WageIndicator.org. (2020). Living Wage Series - Nigeria - September 2019 - In Naira, per Month. [online] Available at: <https://wageindicator.org/salary/living-wage/nigeria-living-wage-series-september-2019> [Accessed 5 May 2020].

xi ILO (2020). ILO Data Explorer. [online] Available at: https://www.ilo.org/shinyapps/bulkexplorer5/?lang=en&segment=ref_area&id=NGA_A [Accessed 8 May 2020].

3. Who are the youth?

Nigerian youth are heterogenous group with diverse challenges and opportunities. They can be roughly categorised in 6 groups based on 1) their level of education/ skills, 2) whether they are based in rural or urban areas and 3) the type of jobs they have or aspire to:



1. Rural youth from modest farming families. These individuals are from modest farming families who live in rural areas dominated by agricultural land. Their lives and work are not connected to the city. Once youth in this category leave basic education (if attended), they are typically able to find work in farming (farm activities like land clearing, weeding and daily work), home enterprises (working in family businesses- farming, trading), and construction (such as bricklaying or day labour). This category also has a large group of young mothers (see text box below).

2. Low-skilled youth, rural or urban, involved in 'survival enterprises.' This group normally comes from low-income households in either rural, peri-urban or urban areas and have either no or basic schooling (primary level). They typically lack the skills, training and resources to be able to start their own enterprises or scale up their existing activities. These youth are either involved in non-farm household activities or 'hustle'/struggle to find any work available to survive. Examples include roadside hawkers, recharge/airtime hawkers, washing cars, touts/'area boys' or bike 'okada' driver, etc.

3. Low-skilled, employed youth in unskilled jobs. These youth are engaged in positions that offer waged employment (either daily or monthly) and rely mainly on their physical abilities. They are typically found in positions that require low levels of skills, such as packager/assembler, low-level construction worker (such as a bricklayer), bus conductor, waiter/ waitress, security guards- etc. Young women in this group typically have jobs as shopkeepers, housemaids, cleaners, etc.

Cross-cutting youth category: Young Mothers. In Nigeria, the group of young mothers without decent employment is very large. 30 million women are between the ages 15-24 years and many of these women become mothers at a young age: 25% in urban areas and 40% in rural areas. This means that the current number of young mothers in Nigeria is at least 7.5 million^{xii}. Estimates are that over 82% of women in Nigeria are currently employed in vulnerable work, mainly in survivalist enterprises and unskilled jobs.

xii World Bank Development indicators [online] Available at: <https://data.worldbank.org/indicator/SP.MTR.1519.ZS> [Accessed 25 May 2020].



4. Young apprentices in rural or urban individual enterprises.

Youth in this category have basic education and either attend formal vocational training institutions (e.g. fashion schools, catering schools, carpentry schools, etc.) or informal training attached to an informal business where they are trained (e.g. hairdressers, beauty technicians, or welders). Major challenges they face after completing their apprenticeships are either lack of capital to set up their businesses or the absence of jobs/ customers to enable them to generate an income.



5. Young urban educated youth, employed or seeking wage-employment in the formal sector.

This group is a significant minority in Nigeria. They usually seek wage employment in the formal sector (white collar jobs). Their main challenges are the lack of wage-earning jobs in the formal sector and the mismatch between the education system and the needs of employers. In fact, some research has found that young people in this group are even less likely to be employed than those with only a basic education.



6. Young urban university graduates starting their own enterprise ('Youthpreneurs').

These are young people who have decided to start their own enterprises, not for survival but as registered businesses that they have a long-term commitment to. They are young people (usually graduates) who have decided to go the entrepreneurship route. They are the main target of incubator programmes and funding initiatives targeted at youth-owned businesses.

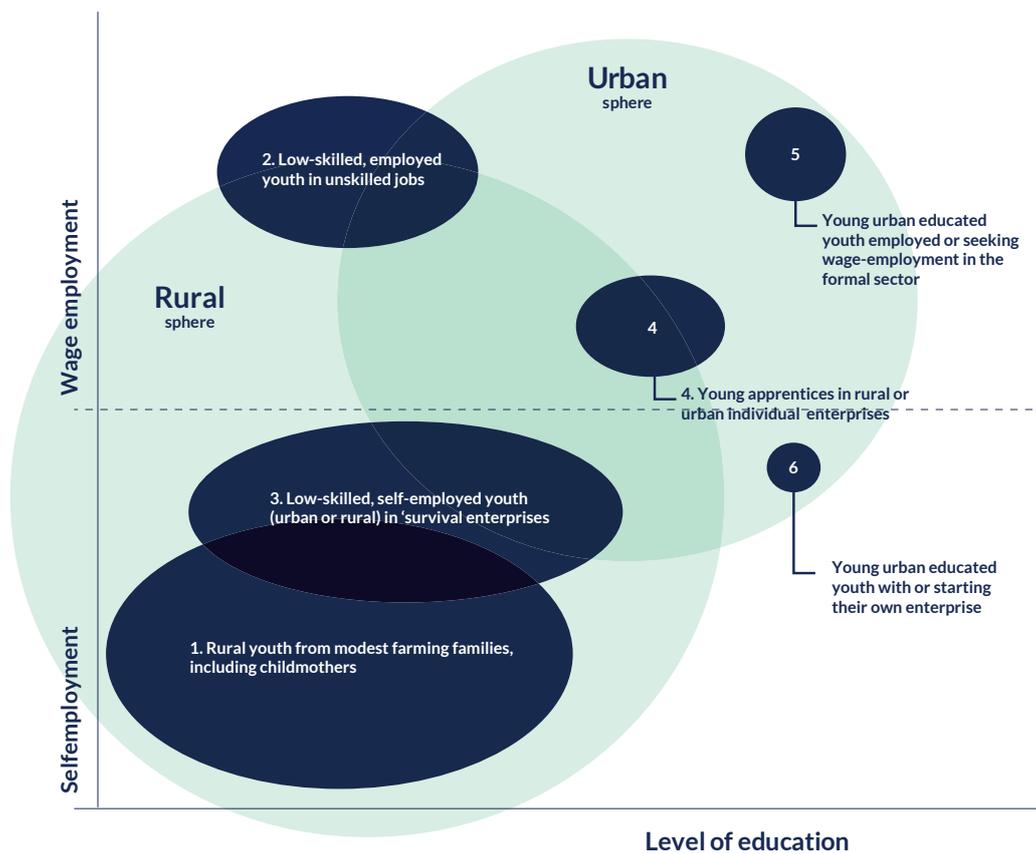
Categories 1-3 represent by far the largest group of youth – many of whom are located in rural areas. Youth that are most likely to be impacted by the economic crisis following the COVID-19 pandemic are those in Category 3 and fall within the 15-24 age group who are just starting to look for work. The dearth of new jobs is further compounded by a large number of young people who recently became unemployed and who are also looking for work.

University or TVET graduates (Categories 4-6) within this generation in Nigeria may also suffer. If they graduate now, they have little to no working experience when they enter the job market. The competition for limited available jobs will most likely be fierce, leaving them to either enter survival enterprises or remain unemployed for a long time, delaying the opportunity to gain valuable work experience.

Relevance of youth groups for the CFYE

The CFYE hopes to support private sector-led solutions that create decent employment for youth. This requires adhering to decent work conditions including minimum level wage, minimum and maximum work hours and safe working conditions. As such, we will only co-fund projects that can meet these requirements, automatically excluding any survivalist enterprises and inherently informal jobs. This means that the focus of the Nigerian portfolio will likely be on youth categories 4 to 6.

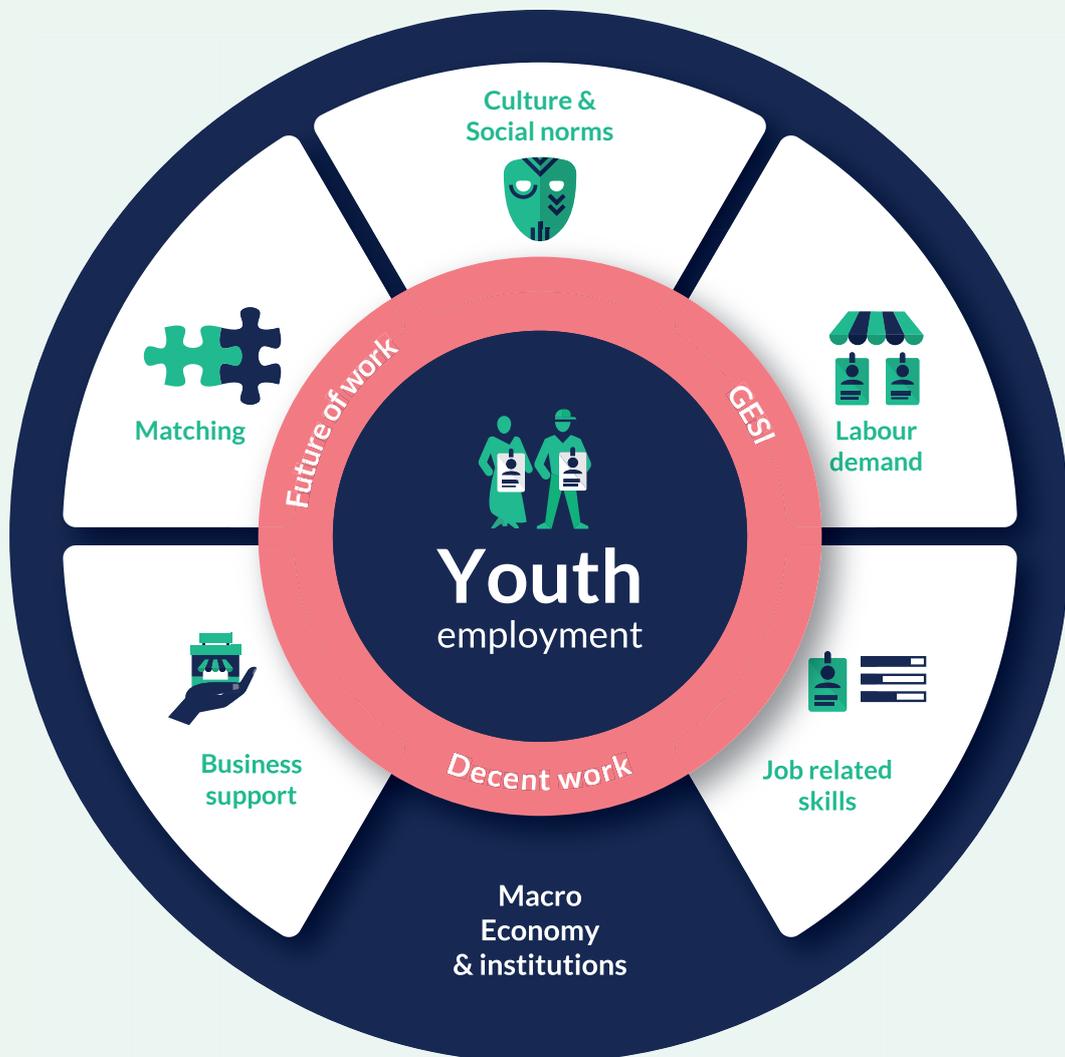
In addition, we will prioritise projects that support young mothers as a part of categories 4 to 6. Self-employment and employment at Small and Medium-scale Enterprises (SMEs) especially offer potential to cater to the specific needs of young mothers. Creating a stable income for a young mother will improve the chances of success for her children, and her community.



4. What are the main challenges and opportunities for youth employment in Nigeria?

This section maps out the challenges and opportunities of five domains of the labour market: labour demand, job-related skills, culture and social norms, matching and business support. This will help identify where the

Challenge Fund for Youth Employment can have the most meaningful impact. It will provide guidance to the focus and type of interventions that are required to increase access to decent employment for youth in Nigeria.



Figuur 1. Different thematic domains of youth employment

Adapted from: Wellington et al., 2010⁵



4.1 Labour demand

Labor demand considers potential youth employment challenges, both at the macro-level through slow job growth and at the microlevel through employer discrimination.

Key facts

- ▶ Most of the Nigerian youth are working in the informal sector and are self-employed.
- ▶ Most formal employment and creation of new formal jobs for youth stems from Small and Medium Enterprises (SMEs). They account for 96% of businesses and 84% of jobs.^{xiii}
- ▶ Company size is not a major determinant in the preferential demand for young workers, but young company owners are more likely to hire young staff
- ▶ Most companies or organizations have a heterogeneous workforce in terms of education level.
- ▶ Most labour demand comes from economically thriving and politically stable areas with a conducive institutional climate, notably states like Abuja, Kaduna, and Kano in the North – and the South in general. In addition, most available jobs – both formal and informal- are in urban areas.

Challenges

- ▶ Most self-employment is not sustainable or decent. Most formal employment and job creation stems from SMEs, therefore at small scale per enterprise.
- ▶ Preferences for pre-trained and, even more importantly, practically experienced staff hinder youth's job opportunities
- ▶ There is a lack of support from educational institutes and enterprises to enable working-learning trajectories like on-site training or internships that will increase employability of youth.
- ▶ The COVID-19 pandemic is affecting several sectors – particularly hospitality and oil and gas – and will lead to an overall decrease in available jobs.

Opportunities

- ▶ As a result of the global 4th industrial revolution the way we live and work is changing. There is more demand for 21st-century skills: notably digital skills in the shape and form of businesses or jobs within businesses. This trend is observed across sectors. Companies with (partial) digital operations prefer digitally skilled, generally younger staff.
- ▶ Companies with varying sizes (small, medium and large) in several high potential sectors seem to have unmet demand for technical craftsmanship positions.
- ▶ Companies in high growth and high value sectors experience the most growth in labour demand. Based on (relative) growth and related job creation potential and potential for women, these sectors are: Agriculture, Trade, ICT, Construction, Manufacturing, Renewable Energy, Transportation/Logistics, Financial Services, Automotive, Creative Industry, Entertainment, Education and Hospitality.
- ▶ SMEs with relatively limited but growing staff numbers see self-employed agent-models and semi-formal flex-workers as a cost-effective and low-risk first step towards growing their formal wage employees

Relevance for Challenge Fund for Youth Employment

Youth employment initiatives funded by CFYE should focus on the following:

- ▶ Steering youth towards either waged employment or decent self-employment.
- ▶ Supporting working-learning trajectories that will increase employability of youth.
- ▶ CFYE call for proposals should limit eligibility to proposals in predetermined high potential sectors.
- ▶ The call for proposals should stimulate inter-project linkages (between implementing parties) or between implementing parties and ongoing development programming.
- ▶ Suggesting semi-employment models as a high interest focus area in the call for proposals will utilize the fact that the highest share of Nigerian formal employment takes place in SMEs.

Practical Example

One of the companies interviewed mentioned that they are going to focus on setting up systems allowing for remote work. The share of their activities requiring digital skills is increasing by the day – and has become even more significant in the light of the COVID19 restrictions.

^{xiii} PwC. (2020). Nigeria SME survey. [online] Available at: <https://www.pwc.com/ng/en/events/nigeria-sme-survey.html> [Accessed 16 May 2020]



4.2 Job-relevant business skills

Job-relevant skills constraints refer to potential challenges based on youth's skillsets including insufficient basic skills, technical skills mismatch, behavioral skills mismatch, or insufficient entrepreneurial skills.

Key facts

- ▶ There are several formal and informal skills development trainings and educational programmes in the country (both Federal and State government- and private-sector-run). Youth that did not follow any education or received primary only are defined as 'unskilled'.
- ▶ Graduates with higher education have higher chances of full-time formal employment, but access to higher education is limited.
- ▶ Girls' education and literacy is still behind as 77% of the girls (vs. 94% boys) completed primary school and 45% of girls attended secondary school (vs. 53% boys). This trend continues as well during University.
- ▶ Entrepreneurship education is part of the curriculum of tertiary institutions to prepare youth for the informal labour market.
- ▶ Many learners are currently not being educated due to COVID-19.

Challenges

- ▶ Many youths are not trained on soft skills, digital skills and employability even though employers are looking for these skills.
- ▶ Most youth cannot afford not to work while getting an education and have to take a side-job.. Although internships are valued by employers, most youth cannot afford to take internships if they are unpaid.
- ▶ Most education is focused on formal work and is not very practical.
- ▶ The quality entrepreneurship education is lacking and there is a lack of qualified teachers and other resources.
- ▶ There is a mismatch between education and expectations of employers. More engagement of the private sector is needed in the development of the curriculum.
- ▶ Young mothers (up to 20) are discouraged from finishing school after getting pregnant and expected to take care of the household and children.

Opportunities

- ▶ initiatives exist that bring together the private sector and education sector to create a curriculum that aligns with the demand of the labour market. More of these collaborations are needed to bridge the skills gap.
- ▶ The future of work is in technology. It is expected that due to automation and new technologies more jobs will be created. Youth with the right (digital and technical) skills will benefit from this if they are prepared.
- ▶ Equipping youth with the skills of the future (e.g. digital skills, cognitive skills) will make them resilient and prepare them for a life-long career instead of one job.

Relevance for Challenge Fund for Youth Employment

- ▶ Projects linking the demands of employers to skills training are expected to be more successful than purely supply-driven projects.
- ▶ Soft and digital skills are in high demand and often underdeveloped. Training programmes focussing on these skills are a first step into making youth more employable.
- ▶ Training programmes should recognize that training and education can be a luxury and that arrangements combining working and learning should be made to make them accessible for youth.

Practical Example

A large job matching platform mentioned that the education curriculums haven't been updated for a long time and that there is a difference in perception about what the employers expect and what the jobs seekers can offer.



4.3 Business support and access to finance

This section introduces challenges related to business development, and ultimately to the creation of new jobs. Firm start-up constraints including notably lack of access to financial capital or business networks.

Key facts

Over 37 million Micro-, Small- and Medium Enterprises (MSMEs) are operating in Nigeria.

- ▶ Major cities in Nigeria have a growing support ecosystem with incubators and accelerators, which are frequently sector- or sub-sector-specific.
- ▶ Sector-specific hubs support entrepreneurs at different stages of the supply chain, for example Yaba (tech sector) and the Lagos Creative District.
- ▶ Start-ups and other ventures are increasingly benefitting from investments; however, this is only a very small portion of the Nigerian economy.

Challenges

- ▶ There is poor availability of basic Business Development Services (BDS) for SMEs.
- ▶ The effective impact in terms of job creation and local economic growth of incubators and accelerators is relatively low.
- ▶ As in most economies, a “missing middle” exists in Nigeria: access to finance is limited for MSMEs, especially small business in the start-up phase. Access to seed and growth finance is hard to access.
- ▶ Linkages between BDS providers and (formal and informal) financial service providers are lacking.
- ▶ Public incentives to improve access to finance for SMEs are in place but are failing to reach the target group.

Opportunities

- ▶ The COVID-19 crisis requires new business skills, including a greater need for entrepreneurs to be trained in how to use technology in their business and employees that have digital skills.
- ▶ Investments in fintech were slowed in the recent years, but may experience a revival as a result of the COVID-19 crisis which accelerated the need for digital payment systems.

Relevance for Challenge Fund for Youth Employment

- ▶ SMEs are important employers, therefore projects supporting them to solidify and grow will help to sustain and create jobs. CFYE will need to work with intermediaries for this but should carefully assess the quality of their services.
- ▶ CFYE could support businesses that provide technology B2B services for increased resilience, for example e-commerce, e-payments and digitally driven management models
- ▶ Projects to support SME development in high growth sectors should be encouraged to integrate access to finance in their approach to ensure sustainability of business growth and newly created jobs.
- ▶ Projects focused on the development of fintech sector can have high potential for job creation (e.g. agent networks).
- ▶ In some Nigerian States (e.g. Edo) collaboration with public programmes can be sought to leverage CFYE funding of youth employment projects.

Practical Example

A consulting firm that provides support to MSMEs mentioned that despite the growing number of accelerators, most of them tend to focus on the same pool of growth-stage enterprises. *“The same recipients are being recycled.”*

One Lagos-based organisation that serves as a market place for small scale businesses and professional freelancers stressed the importance of providing support to businesses (e.g. with formalization of their businesses, certifications) which will assist them in accessing finance.



4.4 Cultural and social norms

Cultural and social norms can provide challenges to youth employment opportunities on both the supply and demand side, such as social norms that limit skills development or labor market entry.

Key observations

- ▶ Cultural and social norms have a relatively high impact on the youth unemployment situation in Nigeria.
- ▶ Girls' entry into work is conditioned by early family formation (early marriage and pregnancy/children) resulting in early exit from school and economic inactivity.
- ▶ Career aspirations have a strong gender dimension – driven by society's perceptions on what is the 'right' work for a woman.

Challenges

- ▶ Increasing mental shift from being productive to being rich (youth want to earn more and fast).
- ▶ Rural-Urban migration and migration overseas driven by the search for 'greener pastures'.
- ▶ In the North there is a preference for Islamic/religious based education tracks such as the Almajeri system. Underfunding severely impacts the quality of these curricula, leading to graduates being unprepared for the workforce.
- ▶ The labour market tends to favour male candidates over female candidates related to a.o. flexibility of men in the absence of childcare and household duties and safety & security issues applicable for women only.
- ▶ Women (including young mothers) in rural areas tend to be more affected by traditional norms than urban women and generally have lower education.
- ▶ Married mothers struggle with agency and self-determination, while unmarried mothers face economic and time-constraints.

Opportunities

- ▶ As a consequence of the overall lack of jobs and formal office jobs in specific, youth is realising that other ways to have a decent income and career path. They express increased interest in technical jobs, combining significant training period with the security of a guaranteed income.
- ▶ The traditional preference for religious education is decreasing, and Northern governments have been calling for re-design of
- ▶ Women across all levels of education and geographical areas (North and South, urban and rural) are increasingly interested in selected, traditionally male-dominated sectors and jobs, notably digital jobs and light manufacturing.
- ▶ In addition, women across Nigeria are feeling more empowered as (potential) entrepreneurs. They are supported in this development by private sector organizations (including financial institutions) and development partners offering technical support, funding and networks to this end.

Relevance for Challenge Fund for Youth Employment

- ▶ The social and cultural dimensions of the projects will need to be clearly laid out in the proposals to express understanding of potential cultural and social norms-based obstacles to sustainable job creating.
- ▶ Projects should be required to incorporate elements that will encourage behavioural change to ensure the sustainability of employment for vulnerable groups (women, youth mothers) after the project ends. This applies specifically for those that will benefit women (and young mothers).

Practical Example

A digital platform is providing a supportive ecosystem for African women interested in business-, career- and/or personal development. They have experienced a huge rise in interest over the last years, and observe women having access to an increasing portfolio of networking, funding and learning activities and programs.



4.5 Matching

Matching challenges relate to challenges hindering effective matching between job-seekers and employers, and focus on issues like information about job openings or being able to communicate skills to potential employers.

Key observations

- ▶ Recruitment for job openings is traditionally done by word of mouth and newspaper advertisements.
- ▶ Online job searching is very popular amongst youth, but ultimately most jobs come from personal networking.
- ▶ Recruitment processes are often informal.

Challenges

- ▶ Recruitment processes are generally inefficient due to lack of knowledge and resources.
- ▶ There is a widespread occurrence of discrimination, favouritism, and nepotism across all types of employers when selecting candidates.
- ▶ Extremely high application rate, high turnover and dropout rates, and ineffective recruitment process make recruitment difficult.
- ▶ COVID-19 is causing a decrease in available jobs.

Opportunities

- ▶ Online job matching is growing and can support more time and cost-efficient recruitment processes.
- ▶ There is a growing number of sector-specific matching organisations, for example in Oil and Gas, ICT, Hospitality, Construction.
- ▶ Most matching organisations also offer skills development to ensure they have a pool of skilled/ suitable applicants to meet the demand.
- ▶ Digital tools for selection and assessment of candidates can lead to decrease in dropouts and can make matching more efficient.

Relevance for Challenge Fund for Youth Employment

- ▶ Although issues like discrimination and favouritism are difficult to change within the scope of the CFYE, training youth in efficient networking or creating work experience opportunities might have a beneficial effect.
- ▶ Projects that match selected employers with a pre-determined supply pool, e.g. a class of high-performing graduates from one or multiple educational institutions in the same area can reduce the risk of high dropout rates and in-efficient recruitment processes.
- ▶ Supporting enterprises to set up and/or improve their existing recruitment processes can be a way to be more inclusive of youth. Online job matching using digital solutions can provide a cheaper alternative to in-person, manual recruitment in case of a big pool of job seekers.

Practical Example

A big job matching platform mentions that there can be an average of 20,000 applicants for a company with 100 vacancies and some job seekers are applying for up to 1,000 jobs on a monthly basis. This example shows that an overwhelming supply of job seekers can make it difficult for companies to find the right match.

Another matching company mentioned that many organizations that are at first reluctant to pay for matching services vs. try it by themselves (e.g. by putting a sign in front of their store) eventually return to them to ask for assistance with recruitment and are even willing to pay. This shows that there is demand for support with matching.

5. A call for solutions

The Challenge

Today, more than half of the youth population (25 million) is unemployed or underemployed. Nigeria has a large population of job seekers that grows every day. There are not enough jobs available for all young people entering the labor market. This situation has become more challenging due to the current COVID-19 crisis' related slow-down of local and international markets. This results in struggling Micro, Small and Medium Enterprises and related layoffs of formal wage employees or even bankruptcy.

Our research confirmed that the skills of the Nigerian youth don't match with available jobs or with sustainable self-employment requirements. Bridging this current skills gap is at the core of improving employment outcomes and increasing productivity and growth in Nigeria. Many young people don't know which skillsets makes them 'employable,' including notably soft skills, technical specializations or business development and management skills for self-employed youth. In addition,

the skills that they do learn don't align with expectations of the private sector. Most youth combine education with side-jobs, but these are generally not related to their education and/or career ambitions. Although internship experience is valued by employers, most youth cannot afford to take unpaid internships.

In line with the global 4th industrial revolution, employers in high potential sectors stress that they have unmet demand for skilled technical workers as well as digital skilled staff. This demand covers both secondary and tertiary level skilled workers. Both technical and digital jobs are considered an important part of 'the future of work' and will likely offer a growing and sustainable demand for labour going forward. High value and high growth sectors include Agriculture, Trade, ICT, Construction, Manufacturing, Renewable Energy, Transportation/ Logistics, Financial Services, Automotive, Creative Industry, Entertainment, Education and Hospitality.

Call for Solutions

Our research has showed us that despite a wide range of challenges to youth employment, there is clear potential for young women and men to find decent employment within selected labour categories. Rather than sector-specific opportunities, we observe the need for jobs related to specific skillsets and 'ways of working'. These type of jobs, notably digital jobs and technical craftsmanship, are cross-sectoral. Based on high value and high growth potential, we foresee most labour demand in the thirteen selected sectors. In addition to unmet labour demand, the following two windows match what youth told us about their own needs and interests. Both job families allow youth the flexibility to work across different sectors. Digital jobs likely build on existing skillsets and/or interests and offer an attractive working environment for youth. Technical craftsmanship provides youth with a strong skillset that can be obtained through practical and locally available educational trajectories.

Therefore, our call for proposals specifically applies to digital jobs or skilled craft work for youth. We invite all private companies with ideas for projects that fit within the two windows detailed below to present proposals for co-funding from CFYE. All projects should result in decent employment for at least 500 young people (aged 15 to 35), especially young women.

Window 1 Digital Jobs

CFYE is calling for innovative and demand-driven projects from either private sector organizations or private sector-led consortia that take on their unmet demand for qualified digitally skilled staff. Bridging the digital skills gap, especially for young women who are particularly affected by the digital divide, will increase

youth's prospects for a sustainable, resilient career based on unmet labour demand and a universally relevant skillset that allows them to easily switch between sectors or even employment versus self-employment.



Definition

Digital jobs are defined as positions in which digital skills are essential. Digital skills include a range of abilities to use hardware, software, communication applications, and networks to access and manage information. This includes use of – for example – Microsoft Office functionalities such as Word and Excel, client subscription and information apps (including for farmers), mobile money transfer systems, website and app backends, webshops, content management systems, digital design applications or online marketing platforms. Digital jobs can be available in a wide range of sectors as they refer to a way of working and are not focused on the IT sector alone.

The Nigerian economy is undergoing a transformation as it shifts from its traditional agriculture-centred model to more technology-driven production and service provision models. Businesses increasingly use technology to support their operations, for example through use of e-commerce, e-payments and digitally-driven management models. The COVID-19 crisis has rapidly increased this need as businesses need to re-think their business models to accommodate the new social distancing reality. Digital jobs are required in almost any sector.

On the labour **demand-side**, research revealed that businesses have growing demand for staff with suitable digital device and system operating skills for computers, tablets and mobile phones. These skills are considered very relevant skillset for entrepreneurial activities as well.

On the labour **supply-side**, (semi-) skilled youth are generally attracted to innovative and/or digital ways of working and are quick learners with a relatively high base capacity in this field. A significant proportion of youth in Nigeria, including women, either already have significant digital skills or have the ability and aspiration to easily learn them.

We invite companies and private sector-led consortia to submit their innovative ideas for projects that either create new digital jobs, improve the decency of existing digital jobs, match youth to (new or existing) digital job opportunities or allow companies to sustain jobs that would otherwise have disappeared due to the COVID-19 crisis.

They include:

- ▶ The jobs can either be employment or self-employment based, and may include:
 - ▶ jobs that are dependent on digital technology to be performed such as online freelancing work (graphic design) or online marketing;
 - ▶ jobs that are directly created through the ICT sector and use digital technology, such as mobile app development; or
 - ▶ jobs that were originally done manually but can be improved/enhanced by the use of digital technology e.g. field agents use of tablets.
- ▶ Projects should reach (semi-)skilled youth that have finished at least secondary education.
- ▶ At least 50% of each project's beneficiaries should be young women. Projects targeting young mothers and/or single mothers are particularly welcomed. Projects placing women in male-dominated sectors/positions are also welcomed.
- ▶ Digital jobs may be in any sector, but we will prioritise projects in the following high potential sectors: Agriculture, Trade, ICT, Construction, Manufacturing, Renewable Energy, Transportation/ Logistics, Financial Services, Automotive, Creative Industry, Entertainment, Education and Hospitality.

Window 2 Technical craftsmanship

CFYE is calling for innovative and demand-driven technical craftsmanship projects from either private sector organizations or private sector-led consortia that fulfil unmet demand for qualified technical craftspeople. Bridging the technical skills gap in combination with

effective matching will allow youth, especially for young women, to capitalize on the existing demand for technically skilled workers.



Definition

Technical craftsmanship comprises technically skilled manual labour positions where workers need to exercise considerable independent judgement. These jobs require formal or informal technical and vocational training and apprenticeships, but usually no tertiary level education. Examples of craftsmanship jobs are construction and manufacturing workers such as plumbers, electricians, carpenters and welders; food processing factory staff and garment makers.

The Nigerian economy is undergoing a transformation as it shifts from its traditional agriculture-centred model to more technology driven production and service provision models in services and value-added production sectors like manufacturing. This goes along with a significant **demand** for technically skilled or 'craft' labour. Enterprises from a variety of sectors indicate they are often unable to find relevantly skilled craft workers.

On the **supply-side**, youth are generally not well aware of the high-employment potential that comes with technical craft education and practical work experience. Young women still face negative stereotyping around traditional roles and gendered expectations when it comes to taking up technical jobs that are considered men's jobs in selected sectors. Both young men and women that have received skills trainings are rarely effectively matched to available jobs. There is a growing awareness in Nigeria of the possibility to have a career outside of the traditional prestigious jobs ('gold-collar jobs' like doctors and lawyers), and university and TVET graduates find alternative paths. The COVID-19 economic fallout may further speed up this trend of alternative careers, either or not for lack of alternatives.

We invite companies and private sector-led consortia to submit their innovative ideas for projects that either create new technical craft jobs, improve the decency of existing craft jobs or match youth to (new or existing) technical craft job opportunities.

The following requirements apply:

- ▶ The jobs can either be employment or self-employment based.
- ▶ Projects should reach (semi-)skilled youth that have finished at least secondary education.
- ▶ At least 50% of each project's beneficiaries should be young women. Projects targeting young mothers and/or single mothers are particularly welcomed. Projects placing women in male-dominated sectors/positions are also welcomed.
- ▶ Demand for skilled craft work can occur across all sectors, but we will prioritise projects in the following high potential sectors: Agriculture, Trade, ICT, Construction, Manufacturing, Renewable Energy, Transportation/ Logistics, Financial Services, Automotive, Creative Industry, Entertainment, Education and Hospitality.

Eligibility Criteria for Both Windows

The Challenge Fund for Youth Employment will apply a competitive process to select the projects that will receive a grant. That means that only those projects that present a clear and convincing pathway to employment, lead to significant and sustainable results in terms of decent employment for youth, with a focus on young women, and can demonstrate high value for money will be selected.

- ▶ Projects need to be focused on either digital jobs or skilled craft work for youth.
- ▶ **Projects should create, match, improve or sustain at least 500 jobs (of which 50% are women).** We are looking for projects that are effectively getting people employed within project duration (~2 years). In the application we will therefore assess whether the project presents a realistic and convincing pathway to get at least 500 people in jobs. Projects only focused at skilling youth without evidence of effective matching afterwards will not be considered.
- ▶ **Only private companies can be lead applicant**, but they may partner with other organisations such as NGOs and government institutions.
- ▶ **The minimum contribution of the Fund is € 200,000.** This should be matched by a co-investment that is at least equal to the grant requested.
- ▶ **The employment conditions of the jobs resulting from the projects should be decent.** For any job, the working week should be at least 20 hours and at most 40 hours - with occasional overtime. Safe physical working conditions should be ensured. Following government guidelines, the gross income for one full-time equivalent (FTE) should be at least NGN 30,000 but ideally reflect family specific living incomes^{xiv}.

^{xiv} We recommend relating to wageindicator.org

Annex 1: List of Interviewees

NGOs/not for profit

Name of Organization	Names	Position
<i>Aspilos Foundation</i>	Simi Olusola	CEO
<i>Diamond Development Initiatives</i>	Adamu Garba	Executive Director
	David Arinze	Program officer
<i>FarmAgric Foundation</i>	Francis Eke-Metoho	Co-Founder/ CTO
<i>Fate Foundation</i>	Adenike Adeyemi	Executive Director
<i>LEAP Africa</i>	Femi Taiwo	Executive Director
	Segun Alimi	Head, Partnerships
	Yewande Apatira	Programme Coordinator
<i>Mind the Gap</i>	Tayo Olosunde	Executive Director/ Innovation Lead
<i>Solar Sister Nigeria</i>	Olasimbo Sojinri	Country Director
<i>SOS International (Nigeria Office)</i>	Oluwole Amosu	National Youth Development Coordinator
	Rossiana Madara	Head, Institutional Partnerships
<i>Synergos</i>	Victor Adejoh	Nigeria Country Manager
<i>Syngenta Foundation</i>	Gabriel Isaiah	Project Coordinator
<i>Technoserve Nigeria</i>	Dr Chichi Aniologu	Nigeria Country Manager

Private sector

Name of Organization	Names	Position
<i>Alluvial Agriculture</i>	Vom Kemadi	CEO
<i>Babban Gona</i>	Ubong Inyang	Head, Partnerships
<i>CBI Innovations</i>	Soji Apampa	Founder/CEO
<i>Construction Skills Training and Empowerment Project (C-Stemp)</i>	Seth Ogungbemi	COO
<i>Creed Energy</i>	Hannah Kabir	CEO
<i>Creed Energy</i>	Ruth Atsegbua-Mohammed	General Manager
<i>Elephant Group Plc / Africinvest Capital Partners</i>	Abiola Ojo-Osagie	Managing Director, ACP Nigeria
	Tunji Owoeye	MD, Elephant Group
	Dr. Olurotimi Fashola	Team Head, Projects
	Akin Ogunbiyi	Executive Director
<i>Fenix International</i>	Adam Tijani	Commercial Director
	Sarah Odumegwu-Ojukwu	Business Strategist
<i>Friesland Foods WAMCO</i>	John Adekunle	DDP Manager
<i>Gokada</i>	Fahim Saleh	Founder/CEO
<i>Hello Tractor</i>	Jehiel Oliver	Founder/ CEO
<i>Hugo Technologies</i>	Orinola Gbadebo Smith	Founder/CEO
<i>Jobberman</i>	Hilda Kabushenga Kragha	CEO
<i>Lafbart Innovations</i>	Femi Olafunmiloye	CEO
<i>Microsoft Nigeria</i>	Oluwamuyemi Orimolade	Philanthropies Lead
<i>Mitimath</i>	Achenyo Idachaba-Obaro	Founder/CEO
<i>Nigeria Climate Innovation Center (World Bank Funded)</i>	Bankole Oloruntoba	CEO
<i>OCP Ltd</i>	Caleb Usuh	Country Manager Nigeria/Deputy Managing Director
<i>OPL Academy</i>	Oare Ehimua	CEO

Name of Organization	Names	Position
<i>Pacha Mama Foods Ltd</i>	Tamara Egbedi	Founder/CEO
<i>Propel Grad</i>	Lola Okuneye	Programme Coordinator
<i>Recycle Points</i>	Chioma Okonu	COO
<i>Reel Fruit Ltd</i>	Affiong Williams	Founder/CEO
<i>Riby</i>	Abolore Salami	Founder/CEO
<i>Sense Agric</i>	Ogo Ibok	Founder/CEO
<i>SheLEADS Africa</i>	Orafiri Adoki	Head, Programs
<i>SME.NG</i>	Thelma Ekiyor	Managing Partner
<i>Susteneo Magnus</i>	Ibikunle Bolorunde	CEO
<i>TechHerNg</i>	Chioma Agwuegbo	Founder/CEO
<i>Tempoy</i>	Juyin Benson	Co-Founder
<i>TGI Group</i>	Osenega Umobuarie	Head, Corporate Responsibility and Sustainability
<i>ThriveAgric</i>	Ayo Arikawe	Co-Founder/ CTO
<i>Tomato Jos (Kaduna)</i>	Mira Mehta	Founder/CEO
<i>Traindemy</i>	Toluwanimi Adegoke	Co-Founder/COO
	Vincent Edigin	Co-Founder
<i>WAVE Academy</i>	Molade Adeniyi	CEO
<i>Wenovation Hub</i>	Wole Adetayo	Co-Founder/ Executive Director
<i>W-Holistics Business Solutions</i>	Olanrewaju Oniyitan	CEO
<i>Wootlab Innovations</i>	Chioma Okoro	Co-Founder
<i>WTS Energy</i>	Grant Atuma	Country Manager

Public bodies

Name of Organization	Names	Position
<i>Lagos State Employment Trust Fund (LSETF)</i>	Abosede Alimi	Director of Strategy, Funding and Stakeholder Management
	Tosin Faniro-Dada	Head, Startups (Lagos Innovates)
	Dozie Ucheaga	Head, Partnerships
<i>National Board for Technical Education (NBTE)</i>	Oluwaseyi Ladejobi	Head, Employability
	Engineer Suleiman	Desk Officer, Technical & Vocational Training

Donor funded programmes/Funds

Name of Organization	Names	Position
<i>All-on</i>	Wiebe Boer	CEO
<i>GIZ - Skills Development for Youth Employment (SKYE) Programme</i>	Mej Obada	TVET Partnership Coordinator
	Patricia Kormawa	Regional Coordinator West Africa at Skills Initiative for Africa
<i>Mafita (DFID/ UKAID)</i>	Umar Mohammed	Team Leader

Annex 2: Sector Analysis

Sectors	Potential to create jobs for youth (especially Post COVID-19)	Opportunities for women	Interest of women to work in the sector	Required skills level
Agriculture/ Agro-business	<p>High</p> <ul style="list-style-type: none"> Currently the highest employer of labour (48% of workforce) and is likely to receive increased focus from the government to ensure national food security. First job for rural male youth between the ages of 15-24. Offers opportunities for youth (especially in new areas like Ag-tech, Storage/logistics and Mechanization). 	<p>Medium</p> <ul style="list-style-type: none"> Depends on type of job and supply chain. Young women typically involved in non-farm activities (except for a very small number in rural areas that are involved in subsistence farming) 	<p>Low-Medium</p> <ul style="list-style-type: none"> Core farming is regarded as manual labour and women traditionally perform non-farm jobs like processing and sales. 	<p>Unskilled - Semi-skilled</p> <p>Depending on the value chain and type of job. High demand for farmers for outgrower schemes (informal and low-skilled).</p> <ul style="list-style-type: none"> Agro-processors have need for technically skilled workers and digital jobs related to the sector require low-medium skills.
Trade	<p>High</p> <ul style="list-style-type: none"> 2nd largest employer (14% of workforce) Largely informal Opportunities for trade in local products and digitization of sector (especially post COVID-19) 	<p>High</p> <ul style="list-style-type: none"> Currently one of the sectors that engages the highest number of women 	<p>High</p>	<p>Unskilled - Semi-skilled</p> <ul style="list-style-type: none"> Low skills required for actual trade, but medium skills will be needed for digital jobs
ICT	<p>Medium to High</p> <ul style="list-style-type: none"> Seen as a high growth sector that has a high labour demand (currently biggest employer of talent) Opportunities from business adopting technology to enable/enhance remote work and reach customers. Also, emergence of new industries such as fintech, ag-tech, health-tech, ed-tech and e-commerce driving growth in sector and labor demand. 	<p>Medium - High</p> <ul style="list-style-type: none"> STEM training and high drive to close gender disparity in sector. However, higher number of uneducated women means less women are qualified to take up positions. 	<p>Low - Medium</p> <ul style="list-style-type: none"> Perception that roles in the sector are for men 	<p>Semi-skilled to High skilled</p> <p>Requires mostly skilled individuals and draws the most talent with post-secondary education</p> <ul style="list-style-type: none"> Targeted at educated youth in urban areas
Transportation/ Logistics	<p>Medium - High</p> <ul style="list-style-type: none"> Currently employs over 2.5 million people. Growth in sector and labour demand driven by government investment in sector, entry of foreign players (Uber, Bolt, Gokada). Growth in logistics driven by digitization of retail sector and increased light manufacturing activities. Some areas (such as road and logistics) will rapidly recover post COVID-19. 	<p>Medium</p> <ul style="list-style-type: none"> Opportunities for women in several aspects of the value chain – admin, sales, booking etc. 	<p>Low - Medium</p> <ul style="list-style-type: none"> Perception that roles in the sector are for men. 	<p>Unskilled - High-skilled</p> <ul style="list-style-type: none"> Skills dependent on the type of job
Manufacturing	<p>Medium - High</p> <ul style="list-style-type: none"> Currently employs 5.4 million people. High demand for blue collar workers 	<p>Low - Medium</p> <ul style="list-style-type: none"> Opportunities for women in light manufacturing. 	<p>Low - Medium</p> <ul style="list-style-type: none"> Traditionally male dominated sector and perception that roles in the sector are for men. 	<p>Semi-skilled to High skilled</p> <ul style="list-style-type: none"> Skills dependent on the type of job. Skills development necessary for blue-collar jobs
Construction	<p>Medium - High</p> <ul style="list-style-type: none"> Currently employs about 1.7 million people. Growth in demand is driven by demand for housing and public infrastructure. High demand for blue collar workers 	<p>Low</p> <ul style="list-style-type: none"> Traditionally viewed as a male dominated sector 	<p>Low</p> <ul style="list-style-type: none"> Perception that roles in the sector are for men 	<p>Semi-skilled to High skilled</p> <ul style="list-style-type: none"> Skills development necessary for blue-collar jobs
Oil and Gas	<p>Medium - High</p> <ul style="list-style-type: none"> Traditionally had high demand for blue collar workers driven by the Local Content Bill. One of the industries most affected by COVID-19. 	<p>Low</p> <ul style="list-style-type: none"> Traditionally viewed as a male dominated sector. Opportunities for women in several aspects of the value chain – exist only in the professional (office-based roles) 	<p>Low - Medium</p> <ul style="list-style-type: none"> Perception that roles in the sector are for men. 	<p>Semi-skilled to High skilled</p> <ul style="list-style-type: none"> Skills dependent on the type of job (especially for blue collar jobs)
Power/ Renewable Energy	<p>Medium - High</p> <ul style="list-style-type: none"> Growth in sector and labour demand is driven by increased investment in sector by government and foreign investors. Potential to create over 400,000 jobs in the next 5 years. High demand for blue collar workers 	<p>Medium</p> <ul style="list-style-type: none"> Traditionally viewed as a male dominated sector. Opportunities for women in several aspects of the value chain – admin, sales, booking etc. 	<p>Low - Medium</p> <ul style="list-style-type: none"> Perception that roles in the sector are for men. 	<p>Semi-skilled to High skilled</p> <ul style="list-style-type: none"> Skills dependent on the type of job (especially for blue collar jobs)

Sectors	Potential to create jobs for youth (especially Post COVID-19)	Opportunities for women	Interest of women to work in the sector	Required skills level
Creative Industry	<p>Medium - High</p> <ul style="list-style-type: none"> ▶ The key drivers of job creation are: design, music, film and television, fashion and craft ▶ About 2,000 movies are created annually with an average of 130 people employed per movie. The cinema industry generates N5.5 billion annually ▶ Majority of the work force are freelancers, who are grossly underpaid in comparison to their foreign counterparts. 	<p>High</p> <ul style="list-style-type: none"> ▶ Several opportunities for women in film (makeup, styling etc) and in fashion and craft 	<p>High</p> <ul style="list-style-type: none"> ▶ Also one of the sectors that has a high female participation rate. A lot of female-owned SMEs operate in this space 	<p>Semi-skilled to High skilled</p> <ul style="list-style-type: none"> ▶ Skills dependent on the type of job
Entertainment	<p>Medium - High</p> <ul style="list-style-type: none"> ▶ Currently employs between 500,000 – 1 million people. Prior to COVID-19, was seen as a high growth sector. Nollywood and developments in short film production and digitization of the sector driving growth. However, sector was one that was heavily impacted by the pandemic. 	<p>Medium - High</p> <ul style="list-style-type: none"> ▶ Several opportunities for women in film (makeup, styling etc), acting etc 	<p>Medium - High</p> <ul style="list-style-type: none"> ▶ Another sector that has a high female participation rate. 	<p>Unskilled to High skilled</p> <ul style="list-style-type: none"> ▶ Skills dependent on the type of job
Education	<p>Medium- High</p> <ul style="list-style-type: none"> ▶ Demand for well-trained and qualified teachers. Current pupil-teacher ratio of 40, far below the OECD average of 15. Tutor services and emergence of Ed-tech also driving growth and labour demand. 	<p>Medium</p> <ul style="list-style-type: none"> ▶ Traditionally viewed as a female dominated sector (especially in the urban areas). However, number of uneducated women means less women are qualified to take up positions. 	<p>High</p> <ul style="list-style-type: none"> ▶ Another sector that has a high female participation rate. Women also find it attractive because of the work-life balance benefits it offers. 	<p>High skilled</p> <ul style="list-style-type: none"> ▶ Requires mostly educated/graduates
Hospitality	<p>High/ Low</p> <ul style="list-style-type: none"> ▶ Traditionally seen as a high growth sector with a high labour demand ▶ One of the industries most affected by COVID-19. Some areas such as catering have taken a smaller hit.. Recovery will take some time (projections are 2021) 	<p>High to Low</p> <ul style="list-style-type: none"> ▶ High prior to the COVID-19 pandemic. 	<p>High</p> <ul style="list-style-type: none"> ▶ Also has a high female participation rate due to the presence of a large number of female-owned SMEs operating in this space 	<p>Unskilled to High skilled</p> <ul style="list-style-type: none"> ▶ Skills dependent on the type of job
Financial Services	<p>High</p> <ul style="list-style-type: none"> ▶ High growth sector. A lot of the growth is being driven by technological developments in the sector. 	<p>High</p> <ul style="list-style-type: none"> ▶ Several opportunities for women in the sector and several women occupy the highest positions in the sector. 	<p>Medium</p> <ul style="list-style-type: none"> ▶ High interest for women interested in corporate jobs. 	<p>Medium to High Skilled</p> <ul style="list-style-type: none"> ▶ Skills are dependent on the type of job. However, literacy and numeracy are required.
Automotive Industry	<p>Medium to High</p> <ul style="list-style-type: none"> ▶ Demand for cars is quite high and demand for jobs is driven by the assembly and maintenance. A report by PWC projects that Nigeria will produce 4 million cars by 2050. 	<p>Low</p> <ul style="list-style-type: none"> ▶ Traditionally viewed as a male dominated sector. But there are a few organisations that have initiatives to get women interested (e.g. the Lady Mechanic initiative) 	<p>Low</p> <ul style="list-style-type: none"> ▶ Perception that roles in the sector are for men. 	<p>High</p> <ul style="list-style-type: none"> ▶ Skills development are required for blue collar jobs.