Revised Version

Global Jobs Pact Country Scan

Nigeria

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PART 1: OVERVIEW OF CRISIS IMPACT IN NIGERIA

1. Impact on major macroeconomic variables

Prior to the onset of the global financial and economic crisis in 2008, Nigeria experienced robust economic growth, in particular since the re-emergence of democracy in 1999. The adoption of successive economic reform programmes, and the implementation of the Debt Restructuring Programme in 2003 have contributed to the establishment of a sound macroeconomic management framework.[1] Whereas the Debt Restructuring Programme impacted positively on Nigeria's debt ratios and improved its external sector viability and credit worthiness, the adoption of an appropriate mix of monetary and fiscal policy regimes further assisted in sustaining the economic fundamentals which are alleged to have underpinned and sustained Nigeria's strong economic performance.[2] Macroeconomic reforms were further supported by various economic and institutional reforms, including, *inter alia,* a comprehensive privatization and deregulation strategy in order to enhance private sector participation.

Macroeconomic stability, while initiated through policy reforms, was further sustained through a significant spurt in commodity prices (in particular, oil), and export earnings during the better part of the past decade, that allowed Nigeria to maintain a fiscal discipline, a current account surplus, and a declining debt-GDP ratio.[3] Hence it was fairly evident that, given the strong connectivity between oil earnings and budget and external revenues, the financial and economic crisis which saw a rapid decline in global transactions and in commodity prices, would adversely affect the macro-economic variables of the Nigerian economy. It must be noted that, while during the pre-crisis period oil earnings helped sustain macroeconomic stability, the high, and sustained, growth in GDP during those years, was actually driven by the non-oil sector of the economy- particularly, agriculture, finance and telecom services, wholesale and retail, construction and domestic consumption. Non-oil growth rate, which averaged 3-4

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[1] See Agu and Evoh (2011) for an empirical account of the evolving macroeconomic framework in Nigeria, its contents and discontents. Also see Sanusi (2010), Soludo (2009).
[2] See Central Bank of Nigeria, CBN (2009c).
[3] Ibid.

percent in 1999-2000, significantly rose to 8-9 percent in the mid-2000; however, it started to decline thereafter, i.e. even before the crisis (see Table 1). This reaffirmed that the pursuit of an orthodox stabilization policy regime will, by itself, not automatically deliver sustained growth and full employment.[4] Indeed, lessons of experience have shown that several other policies, including sector-specific and social and institutional policies are required to sustain growth and job creation.

Table 1: Real GDP Growth Rates: Pre-crisis and Crisis years

	2000-2008	**2005-2008**	**2008-2009**	**2010**	**2011***
Total GDP	9.2	6.2	6.5	7.8	7.3
Total Non-oil GDP	11.6	9.1	8.6	8.4	8.7
Oil GDP	2.6	-3.7	-2.9	4.5	3.4**

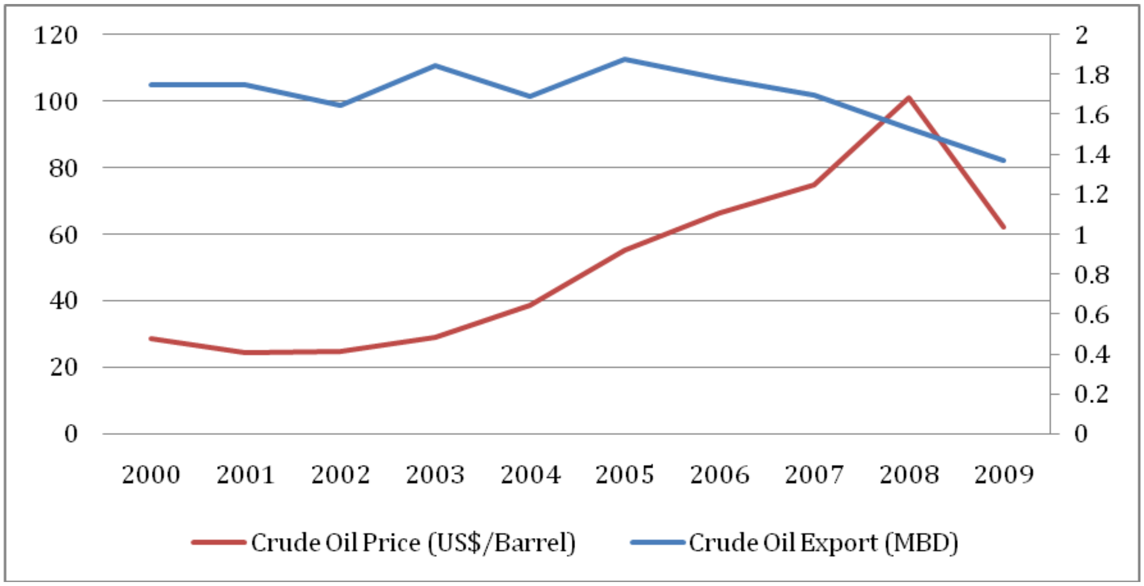
Source: National Bureau of Statistics (NBS) various years.
*Data refers to first 3 quarters
**Projected

The macroeconomic stability variables started showing adverse trends following the onset of the crisis. There were several factors that caused volatility in the macroeconomic scenario; some of these related to external shocks, and others to a consequence of knock-on effects and/or of policy response to cope with the shocks. Given Nigeria's overwhelming dependence on crude oil revenue, which accounts for some 78.5 percent of Government's budget revenue and 95 percent of foreign exchange receipts, the volatility in oil-earnings impacted on government's budgetary resources as well as the external balance .The crisis brought about a remarkable decline in both the volume and value of Nigeria's major export-crude oil (see Figure 1).[5]

[4] This, in fact, has been the experience of stabilization during the 1980s and 1990s in Africa, and other developing countries. See Easterly (2001); also see Muqtada (2010) for an account of the tenuous relationship between stabilization policies and growth and investment.

[5] For example, the price of Nigeria's major crude oil (Bonny light) fell sharply from USD 147.0 per barrel in July 2007 to less than USD 40.0 in December 2008. By end-December 2009, the price of crude oil stood at less than 50 percent of its pre-crisis level. The export volume similarly declined from 1.7 million barrels per day (mbd) in 2007 to 1.5 mbd and 1.4 mbd in 2008 and 2009 respectively.

Figure 1: Movements in Crude oil export volume and price



The decline in crude oil revenue also had negative consequences on public sector aggregate consumption. The fiscal deficit which started to widen with the onset of the crisis, worsened to -5.3 percent of the GDP in 2009[6].

The banking sector, which was rattled by the crisis during 2008, was a major source of crisis contagion. The sector had already started to build up substantial toxic assets even before the crisis, largely owing to "margin lending" to investors in short-term, quick-yielding secondary markets. [7] These toxic assets, and the sharp increase in non-performing loans, not only created a credit crunch, but a near-systemic banking crisis. The former led to sharp rise in lending rates; while the latter induced the need for an urgent bail-out fund to restore confidence in investment climate. According to CBN reports, the financial crisis contributed to the rising cost of borrowing in the money market as evidenced by the increase in the prime and maximum lending rates from 15-17 percent and 21-23 percent in 2007 to 19-20 percent and 25-28 percent in 2008 respectively. This adversely affected the business sector, especially the small borrowers[8].

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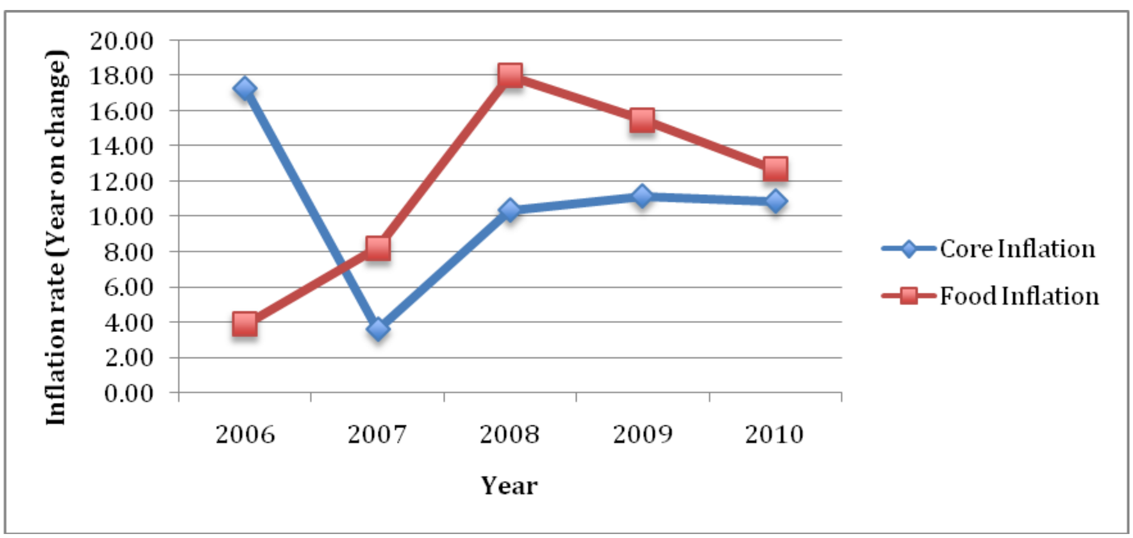
[6] See NPC (2010a).
[7] Some saw this as Nigeria's version of the "sub-prime problem"; Cf ODI (2009).
[8] See various reports of the CBN (2009a, 2009d, 2009e); the position paper of the employers groups, NECA (2010); also Nnanna (2011), mimeo.

Despite the recapitalization efforts in the capital market, Nigeria's "All Share Value Index" (1984=100) fell sharply from its peak of 57,990.2 to 20,827.2 in 2009. The free fall which was partly triggered by the loss of confidence and instability in the banking industry has continued unabated. As at end September 2011, the "All Share Value" Index was yet to regain 50 percent of its pre-crisis level (see Figure I in Appendix).

Whereas non-expansionary monetary policy was proclaimed as the official policy stance by the monetary authorities during the period the actual outcome, however, of monetary policy operations was anything but restrictive. Monetary targets were overshot due to the steps taken to cope with the liquidity crisis, especially through reducing Monetary Policy Rate (MPR), the Cash Reserve Requirement (CRR) and the Liquidity Ratio (LR). The inflation rate which was already showing an increase before the crisis, started to climb higher into double-digits (see Figure 2). The figure also shows that, due to the food price rises just before the financial crisis, as well as rising costs of import, food inflation rates were also in double-digits since 2008.

Figure 2: Inflation Rate

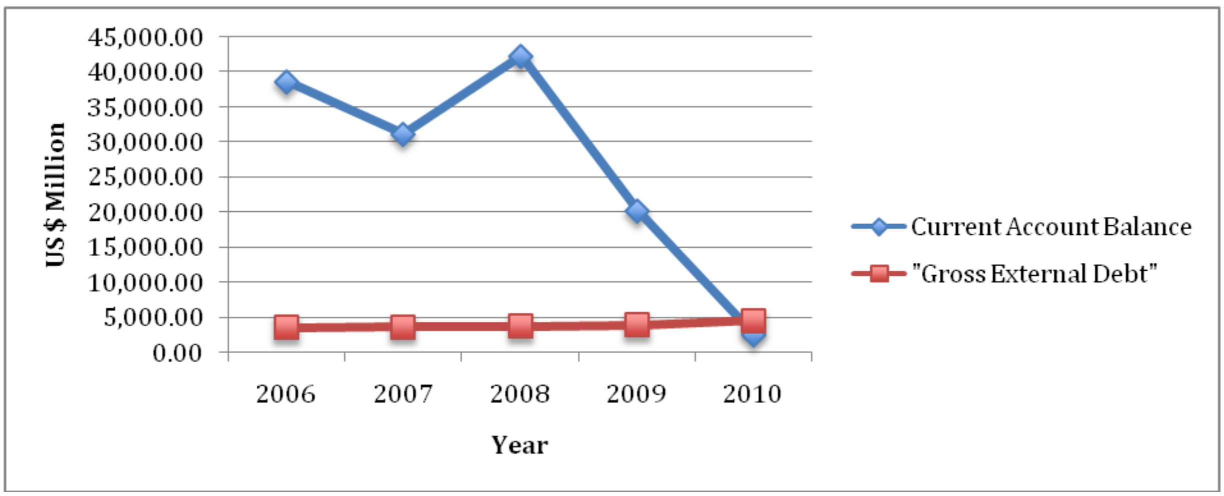


Source NBS, Nigeria (2010)

The global financial crisis also had some clear knock-on effects on Nigeria's external competitiveness- as a result of the huge capital flight and disinvestment in the capital market which followed in its wake. Both portfolio and foreign direct investment flows witnessed significant decline. Similarly, remittances from Nigerian working abroad declined as some G20 member nations imposed funds transfer restrictions, while some Diaspora Nigerians became jobless in their host countries[9].

The weakness in Nigeria's balance of payments manifested through the steady decline in the economy's international reserves which fell sharply during the crisis period (see Figure 3). The exchange rate depreciated from N/$ 117.77 in December 2007 to N/$ 155.68 in 2009. These affected the current account balance which, during the crisis, declined from a comfortable 16% of GDP in 2007 to around 1.3% in 2009 (see Figure II in Appendix). The gross debt-to-GDP ratio increased, but it was more due to government's domestic borrowing[10].

Figure 3: Current account balance and Gross external debt (US $ million)



Source: NBS (2010)

All in all, the various factors cited above led to a tangible deterioration of the macroeconomic variables: inflation shot up to double-digit levels; budget balance which was in surplus in 2007 worsened to -5.3%; and current account surplus dwindled. The debt-GDP ratio, though increasing, was still well within limits, thanks to the reserves from crude oil earnings. As noted, the above macroeconomic scenario came about initially through crisis-induced volatility, and subsequently through accommodative monetary policy, and fiscal adjustments. The latter exacerbated the costs of borrowing,

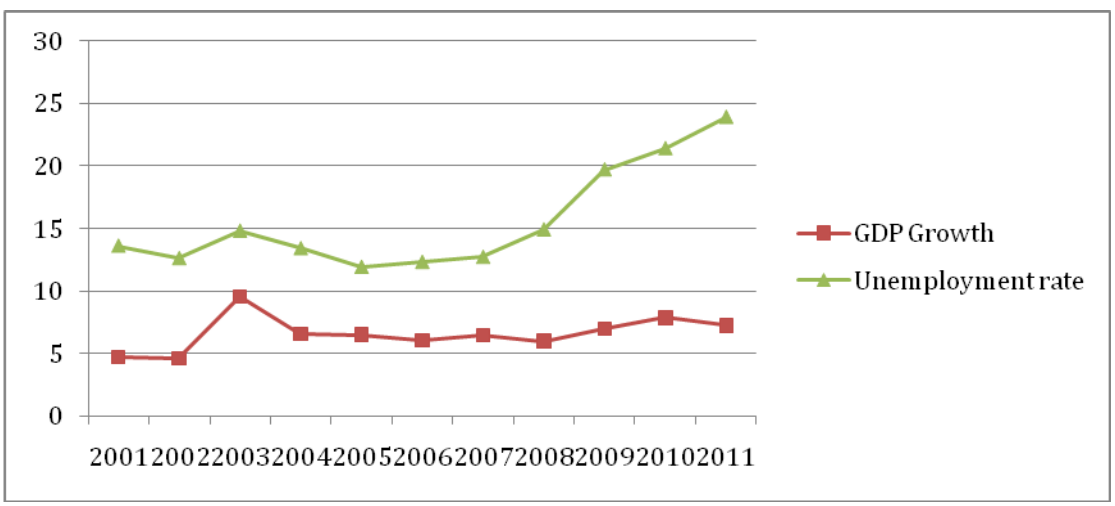
[9] See Agu and Evoh(2011) ; also NPC (2010).
[10] NPC(2010), ibid.

which was already high; this, together with a declining exchange rate, disrupted investment and activities of the real economy.

2. Impact on key sectors of the real economy

Two key features, among others, that tend to define a healthy functioning of the real economy are the trends in GDP growth, and the welfare of the population, an important feature of the latter being the pattern of employment growth . As noted earlier, GDP growth during 2005-08 (6.2%) was already lower than the average of 2000-08 (9.2%)[11], before making some steady gains in 2010. Employment on the other hand, though growing, was inadequate to absorb the unemployed and the new entrants to the labour market. This resulted in a secular increase in unemployment in Nigeria (see Figure 4). Even before the crisis, the paradox of Nigeria's real economy performance has been the persistent rise in the rate of unemployment- particularly, amongst the youth, in the midst of robust economic growth.

Figure 4: Real GDP and Unemployment Growth Rates



Source: NBS 2010; 2011a

[11] Growth rates of GDP have been subsequently revised; according to IMF(2011), real GDP grew at around 7% in 2009. This estimate and others which gave a lower growth rate during 2009 need to be closely examined, since the *analytics of the impact or non-impact of the crisis needs to be established.* The employers group,in their position paper, for instance, suggested a growth rate of around 4.5% for that year. See NECA(2010).

The GDP growth though affected was nevertheless fairly substantial, thanks to the resilience of the non-oil sector, which currently contribute around four-fifths to the GDP. Agriculture, which still is the dominant sector (40% of GDP), grew at 5.7% in 2009, compared to a steady growth of more than 7% in the pre-crisis years (see Table 2). It has gained modest grounds in the more recent period,[12] and, in fact,the sector's contribution to GDP slightly increased, partly due to improved crop production.

Table 2: Sectoral Growth Rates

Sectoral Growth (%)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011***
Agriculture	7.40	7.19	6.27	5.88	5.64	5.82
Solid Mineral	10.28	12.75	12.77	12.08	12.28	11.50
Crude Petroleum & Natural Gas	-4.51	-4.54	-6.19	0.45	4.98	-0.34
Manufacturing	9.39	9.57	8.89	7.85	7.64	8.15
Telecommunication & Post	33.66	33.84	34.02	34.18	34.47	35.11
Finance & Insurance	4.98	5.03	4.82	4.01	3.95	3.98
Wholesale and Retail Trade	15.26	15.20	14.02	11.48	11.19	11.84
Building and Construction	12.99	13.03	13.07	11.97	12.08	10.72
Hotel and Restaurants	12.91	12.95	12.94	11.89	12.01	11.81
Real Estate	11.68	11.72	11.79	10.94	10.66	11.05
Business and Other Services	10.02	10.05	10.13	9.39	9.37	8.43
Others	5.79	5.85	5.29	5.00	5.01	5.06

Source: NBS 2010a; 2011a
*Note: Refers to third quarter of 2011

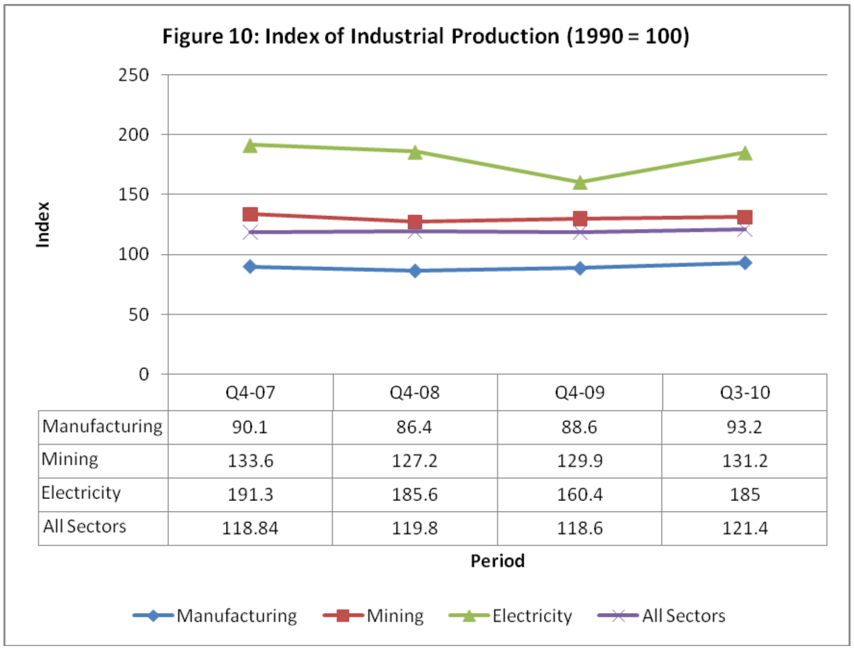
The industrial sector, manufacturing in particular, which had been historically performing poorly was negatively affected by the crisis. There were several factors, in addition to the existing constraints on doing business, that were responsible for a less-than-satisfactory performance. The costs of borrowing which were already high were further increased due to the credit crunch mentioned earlier. Firms, cooperatives, agro-business experienced greater problems in sourcing bank credit and this led to a slowdown in economic activities and hence employment generation, especially in the formal sector. The crash in the stock market deepened the challenges faced by firms as their net worth declined substantially.

The depreciation of the naira exchange rate further increased the cost of procuring imported raw materials, equipment and spare-parts. This coupled with inadequate infrastructure and poor investment climate, as well as difficulties in sourcing credit,

[12] Cf NBS (2010a), *Review of the Nigerian Economy*

slowed down industrial activities (See Figure 5)[13]. The capacity utilization in the industrial sector was around 50%[14].

Figure 5: Index of Industrial Production (1990=100)



Source: Central Bank of Nigeria Economic Report for various Quarters (2007- 2010)

Reports from the Manufacturers Association of Nigeria (MAN) indicated that some manufacturing firms relocated to other parts of West Africa – especially Ghana, as a result of the difficult operating environment in Nigeria, leading to worker layoffs.

Along with agriculture, it was the services sector that supported the non-oil growth trends in Nigeria. Fast growing sectors like communications, utilities, hotel and restaurants as well as finance and insurance though negatively impacted by the consequences of the global financial crisis, managed to show resilience in the face of declining growth of the oil and the industrial sector[15] In fact the services sector, as whole, grew at an average rate of nearly 10% over the past five years, and the growth revival in 2010 was supported by strong performance of telecommunications, and wholesale trade and hotel and restaurant sub-sectors[16].

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[13] NECA (2010) reports that while nearly 31% of establishments closed down since 2005, the situation worsened after the crisis.
[14] See NBS (2010a).
[15] See Ibid.
[16] Ibid., p.15.

While wholesale activities have increased following recent consumer promotions to revive consumer demand, overall growth in aggregate demand has been constrained, in the immediate crisis years, by reductions in public consumption and investment expenditure. Growth in compensation to employees also declined by 29%[17].

3. Impact on Labor market and employment

Understanding the full impact of the crisis on the labour market and employment is constrained by the lack of appropriate labour statistics that could shed light on the "before-after" scenarios. From the broad data base, and anecdotal evidence, it appears the impact has been quite adverse. A crucial point to note is that unemployment in Nigeria rose from 13.1% in 2005 to 19.7%, even when average GDP growth rate grew at 6% or more, prompting observers to dub this as "jobless" growth. This secular trend in growth of unemployment was further exacerbated by the decline in growth, and unemployment, according to official statistics reached 23.9% in 2011[18] (see Table 3).

Table 3: Trends in Unemployment

	2006	2007	2008	2009	2010
National (Composite)	12.3	12.7	14.9	19.7	21.4
Urban	10.0	10.0	10.0	19.2	22.8
Rural	15.1	12.6	12.6	19.7	21.1

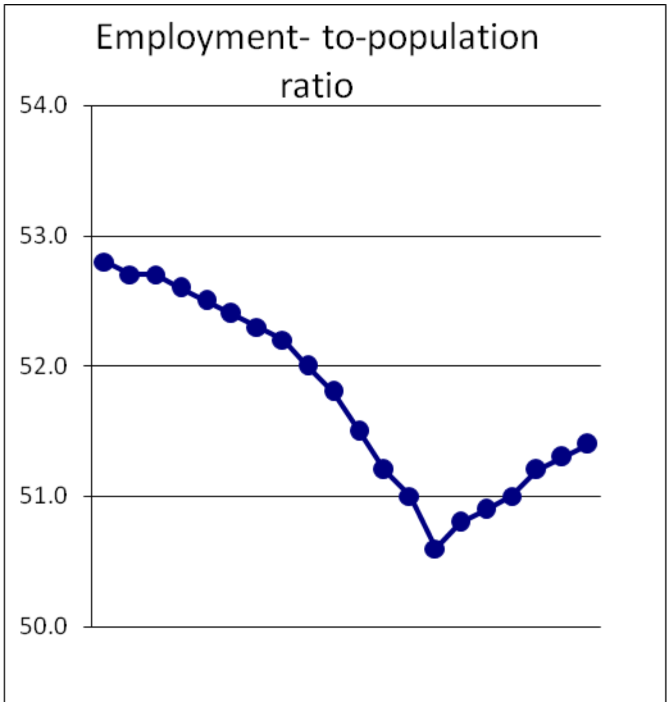
Source: NBS, Nigeria (2010a)

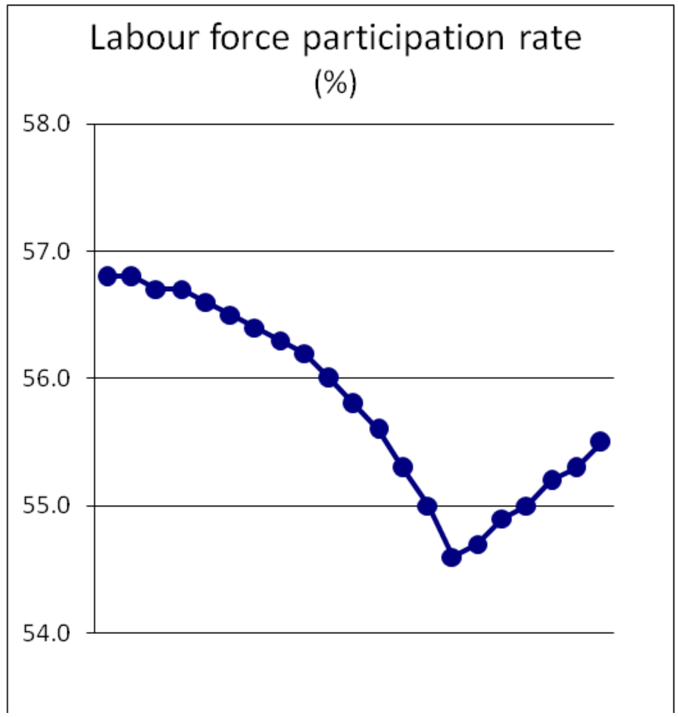
The employment-population ratio and the labour force growth rates show strikingly similar trends (See Figure 6). This could imply that employment may have grown at similar or slightly lower pace than the new entrants to the job market, thus being

[17] Ibid, p.13.
[18] See NBS(2011a).

unable to make any dent in the high stock of unemployed. Much of this employment is likely to have been in the agriculture sector, especially small farms, and in various informal sector activities, often in the form of worksharing.

Figure 6: Employment Population Ratio and LF Participation Rate (1990-2010)





Source: ILO, KILM data

This is further borne by the fact that the decline in formal sector jobs growth that started since the privatization drive, and public sector retrenchments, has not been reversed. In fact, wage employment has continued to decline, and there are studies (e.g. World Bank, 2011) to suggest that workforce in agriculture (especially family farms) has increased, indicating a reverse labour mobility.

There are, equally, reports of substantial crisis-induced job losses in the formal sectors of the economy, notably in the banking sector[19]. As the stock market crisis worsened, banks also implemented various cost-cutting measures in order to remain in business. This included closure of "unprofitable" branches, staff lay-offs, and a general reduction

[19] Other sectors, such as telecommunications also shed jobs; eg 3389 workers in NITEL/MTEL are alleged to have lost their jobs; cf Saget and Yao(2011) The textile sector, which was already rapidly downsizing its workforce shed labour even further during the crisis period ; Cf Fajana (2010).

in overheads. Some of these came about as a result of regulatory reforms implemented in August 2009, as part of measures to combat the effects of the crisis. Although unemployment has been a major problem in Nigeria even before the crisis, evidence suggests that gains witnessed in the 2004-06 period of banking sector consolidation were largely erased during the 2008-09 crisis. Similarly, the rising costs of borrowing and imported materials have contributed to a slack in investment, and firm closures that have affected job growth adversely.

Related indicators of impact of the crisis on labour and employment are difficult to ascertain in absence of specific data. Nevertheless, it appears that national poverty incidence has been registered at a high of 54.4% in 2009 and which has remained persistent in 2010[20]. Pre-crisis trends in Gini coefficients would tend to suggest income inequality was high, and so was the incidence of "working poor", and indications are that, in the absence of appropriate social security or unemployment provisions, these indicators are likely to have worsened during the crisis period (Table 4).

Table 4: Poverty, Working poor, Inequality

	1985	1986	1992	1996	2004	2009	2010
National Poverty Line	4.3	-	34.1	64.6	54.7	54.4	54.4
USD 1.25/day	-	53.9	49.2	68.5	64.4	-	-
Working Poor	-	-	-	62.8	58.2	-	-
Gini	-	0.39	0.45	0.46	0.43	-	-

Source: ILO, KILM data; NPC, *Nigerian Economy 1st half 2010*

A disaggregation of the unemployed workforce shows that the youth (15-24 years) registered the highest unemployment rate (36%) in early 2010. Rural unemployment (24.2%) was much higher than in the urban areas (15.2%). Among the States, nearly 50% of them have registered unemployment rates that are above the national average, with Yobe, Zamfara, Sokoto, and Imo recording unemployment of 30% or above.[21]

[20] See NPC(2010); NBS (2010a) annex.
[21] Ibid.

A decomposition of the unemployment rates by educational attainments show that most of the groups, apart from those with primary-level education had high shares of unemployment (see Table 5).

Table 5: Unemployment Rates By Educational Level, Age Group & Sex, 2009

ITEMS	**Urban**	**Rural**	**Composite**
All Groups	**19.2**	**19.8**	19.7
Educational Group			
Never Attended	20.6	20.0	**20.1**
Below primary	18.4	22.9	**22.3**
Primary	15.1	14.7	**14.8**
Secondary	21.4	25.3	**23.8**
Post secondary	13.9	26.4	**21.3**
Age Group			
15-24	49.9	39.6	**41.6**
25-44	16.3	17.3	**17.0**
45-59	10.0	12.1	**11.5**
60-64	18.2	16.2	**16.7**
Gender			
Male	17.2	16.9	**17.0**
Female	**21.7**	**23.9**	**23.3**

Source: NBS,(2010a)

Curiously, those with no schooling as well those with post-secondary education had high shares of the unemployed group. This would tend to suggest that there was not only a lack of jobs across various levels of skills, but also a situation of skills mismatches. There also exists a large incidence of ‘discouraged workers’ in the labour market of Nigeria[22].

[22] See detailed study of World Bank(2010) on characteristics of the Nigerian labour market.

In gender terms, unemployment among female workforce (25%) was much higher than the male workforce (17.7%)[23]. Gender disparity in the labour market is tangibly observed in Nigeria, both from the demand and supply sides. In global gender disparity ranking, Nigeria has registered a decline in the recent years[24]. There are reports of discrimination in the private formal sector with regard to both access to opportunities as well as to pay[25].

As noted above, there are no specific data available, nor any purposive surveys, for an analytical assessment of the true impact of the crisis on employment and labour markets. Furthermore, the assessment is tempered by the fact that the real jobs crisis is structural in character, one that relates to the structure of GDP and employment. The manufacturing sector accounts for only 3% of GDP, hence formal private sector employment is small; 62% of formal jobs are in government/parastatal sector where not much job losses are recorded during the crisis (see Table II in Annex). Nearly three-quarters of the workforce is engaged in informal and agriculture, where work-sharing and unregistered work could hide the true impact of the crisis on employment and incomes. Specific surveys of household income patterns, and of informal sector performance that would tend to show how families and workers in non-formal sectors were affected, are unavailable.

4. Impact on systems for social protection

Foremost, it needs to be recognized that Nigeria is yet to develop a proper nation-wide social protection system.[26] The process of setting up an appropriate social security system started a few years ago, and a draft bill for the establishment of a social security system is currently with the National Assembly, awaiting its approval. Analysts have lamented that the country even after five decades of political independence lacks appropriate institutional mechanisms of providing support to the poor and vulnerable,[27] especially when more than half the population are under the poverty threshold, and the

[23] See official statistics in NBS (2010a), p39-40.
[24] Cf. Hausmann et al. (2009); also see Part 2 of this report.
[25] See, for example, AFROL Gender Profile: Nigeria, *www.afrol.com*
[26] In 2004, the NPC drew up the contours of a national social protection strategy, focusing on four themes: social insurance, social assistance, child protection and labour market interventions.
[27] Cf. R.Holmes et al. (2011); also see Sanusi (2010).

bulk of the workforce are in petty, non-formal, unprotected jobs. The passage of the bill on social security, and an evolving construct of a national social protection strategy would certainly mark a "paradigm shift" in the development strategy of the country. The financial crisis, which has aggravated the incidence of poverty and unemployment, has further underscored the urgency of moving toward that end.

In the absence of purposive surveys it is difficult to assess the extent to which the financial crisis has exacerbated the vulnerability of the poorer households and the employed workforce: (i) bulk of the *formal sector* workforce is in the public sector (60 per cent or more) and, during the crisis, was largely "job-protected"; there were only agitations over wage arrears, part of which was settled through stimulus package funds; (ii) a tangible proportion of organized labour, in the private sector, though relatively small, faced adverse situations, ranging from retrenchments, wage cuts, longer hours of work, casualization, etc.; (iii) the impact of the crisis on the bulk of the workforce, in agriculture and rural/urban informal activities, remains undocumented, but could have likely resulted in higher unemployment; reduced household income; or increased work-sharing. The latter outcomes are deduced form the general trends that unemployment has risen, poverty incidence has increased, and there has been a shift from wage employment to agriculture farm-level employment;[28] (iv) and, of course, the unemployed and discouraged workers who constitute nearly a quarter of the labour, are without any social security or unemployment benefits. Their means to survival (e.g. work-sharing; extended family support, access to some social assistance, or other forms of non-contributory transfers, etc.) need to be closely examined; (v) also vulnerable, among the population, are the people with disabilities, older workers and female-headed households, for whom dedicated protection systems are yet to be devised.

In the absence of a social protection framework, and a taxonomy of defined entitlements to various categories of the workforce and vulnerable Nigerians, or an assessment of the true impact of the financial crisis on these groups, it is difficult to ascertain how the different elements that exist of the mechanisms to protect these groups have been affected by the crisis. These mechanisms are still scattered and their individual coverage is small. For instance, the existing Pension System that provides a degree of social protection does not capture the majority of the workforce including the self employed in the informal sector. More so, the pension funds that are being

[28] See World Bank (2011).

managed by PENCOM through its appointed and licensed pension fund managers were severely eroded during the crisis though proper investigation results are unavailable to know the extent of this erosion. Specifically, there are no unemployment benefits to unemployed workers except those that are benefiting from their gratuities/pensions where they worked last. Unemployed workers are largely unprotected; most seek refuge in the informal sector where labour protections services are very insignificant.

Possibly the widest reach of a social protection programme is the healthcare scheme, being conducted through the Health Maintenance Organization of the FMOL&P. The Nigeria Social Insurance Trust Fund (NSITF) has recently packaged a health programme, licensed by the National Health Insurance Scheme. It has commenced operations in Abuja, and it is too early to know its efficiency and impact. Similarly with regard to NSITF, in the absence of a defined national policy, it is proving difficult for the Fund to perform "its mandate of delivering social security to the poor[29]". Another ingredient of a social security system for the organized sector is the Employees' Compensation Scheme, which is yet to be put into practice.

Apart from the above schemes, the government administers "generalized" policy and subsidy interventions through sectoral ministries, though these are not necessarily targeted. Available data from the Ministry of Finance and the CBN indicate that the impact of the global financial crisis on government's budgetary allocation to social and community services was generally mixed as can be seen in Table 6. Specifically, capital expenditure allocation to the sector declined from 0.73percent of GDP in 2007, to 0.63 and 0.49 percent of GDP in 2008 and 2009 respectively. However, budgetary allocation on recurrent expenditure to the sector actually increased from 1.24 per cent of GDP in 2007 to 1.37 and 1.43 percent of GDP in 2008 and 2009 respectively. Overall, the allocation declined in 2009 compared to 2007 and 2008.

Nigeria also administers a mix of subsidy schemes ranging, from the subsidization of the cost of tertiary education in public institutions, health care (as noted above), petroleum products and interest rate rebates. These interventions are aimed at keeping the costs of these 'public goods' lower than the free market would otherwise dictate. However, over the years, the implementation of these subsidy schemes have been marred by waste and corruption to the detriment of the workers and the vulnerable groups.

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[29] See Nwokeoma (undated), quoting the Minister of FMOL&P.

Table 6: Federal Govt. Expenditure on Social & Community Services

Item (₦ Billion)	2005	2006	2007	2008	2009
Gross Domestic Product (₦ Bil)	14572.24	18564.59	20657.32	24296.32	24714.72
Capital Expenditure Social Services (₦Bil)	71.3	78.7	150.9	152.1	120.7
(as % of GDP)	0.49%	0.42%	0.73%	0.63%	0.49%
Recurrent Expenditure Social Services (₦Bil)	151.7	194.2	256.7	332.9	354.2
(as % of GDP)	1.04%	1.05%	1.24%	1.37%	1.43%
CAPEX+RECEX on Social Services	223	272.9	407.6	485	474.9
(% of GDP)	1.53%	1.47%	1.97%	2.00%	1.92%

Source: CBN, various Annual Reports.

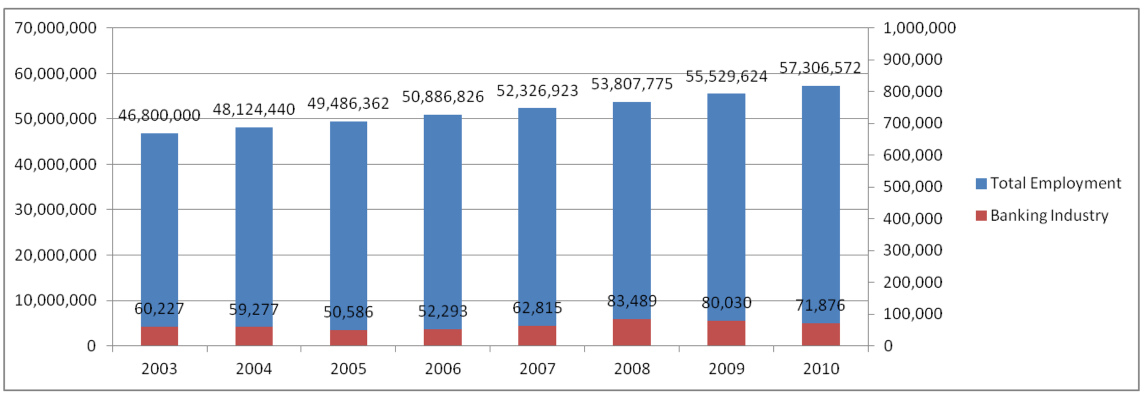
Within the broader framework of social protection, there does not exist, as in many developing countries, an elaborate system of labour-based employment guarantee schemes. The crisis has underscored its significance, and the outcome has been that a major programme is set to be launched on labour-based public works.[30] There exist credit-based support programmes such as the Agricultural Credit Guarantee Scheme Fund (ACGSF), and Microfinance Banks (MFB), which at end-2009, loaned out nearly N34 billion and N 55 billion respectively.[31] These apart, there are a large number of ad hoc income/employment/training support initiatives, with varying scale and courage, such as those conducted under the National Directorate for Employment (see Section II.4), or "Care of the People" (COPE) etc. Some of these programmes were enhanced during the crisis through fiscal stimulus measures, but their coverage to date still remains far too inadequate

[30] See World Bank Country brief on Nigeria, 2011.
[31] A "before-after" crisis evaluation to assess how far the roles of these credits have been stepped up is not available.

5. Impact on wages and working conditions

The global financial crisis, as noted in the previous sections, has generally decreased the level of economic activity, as observed in a decline in aggregate demand [32]. Moreover it has led to job losses in several sub-sectors, particularly in the financial sector of the economy. These factors generally exerted a downward pressure on wages in the economy. The banking sector has been possibly the worst hit in terms of job losses and wage reduction (figure 7). This is because the banking sector , which is the largest employer of organized labour besides the public sector, was adversely affected by the first-round impact of the crisis, and some faced a near bankruptcy situation. . The textile industry which was already downsizing its labour due to its moribund state during the pre-crisis period, shed labour even further [33].

Figure 7: Employment in the banking sector



Source: Nnanna (2011)

The impact of the crisis on wages and working conditions was exacerbated by high inflation rate in Nigeria. It may also be noted that wages in some indutrial sub-sectors were reduced as part of negotiations on employment retention, such as reported in the banking sector. Lower real wages, have been combined with deterioration in working conditions. Although there are no clear statistics on the full impact of the crisis on the quality of work, there are sporadic evidence that workers in some organisations were subjected to stringent working conditions such as: cancellation of allowances, incentives and overtime pay; work hours were increased to compensate for laid off

[32]See NPC (2010).
[33] For details and trend figures of employment in the textile industry, see Fajana (2010), mimeo.

workers; stoppage of meal allowances ;layoffs without legal justification and reduction in wages. Also, in some establishments, in the private sector, monthly wages were reduced by as much as 50% in addition to layoffs/retrenchments.[34]. The crisis led to many industrial disputes as noted earlier (see Table 7). Out of 263 declared industrial disputes between July 2009 and August 2010, only 51% were resolved, 12.2% were referred to the Industrial Arbitration Panel (IAP), 21.7% of the trade disputes are on-going while 14.8% of the trade disputes resulted in strikes.

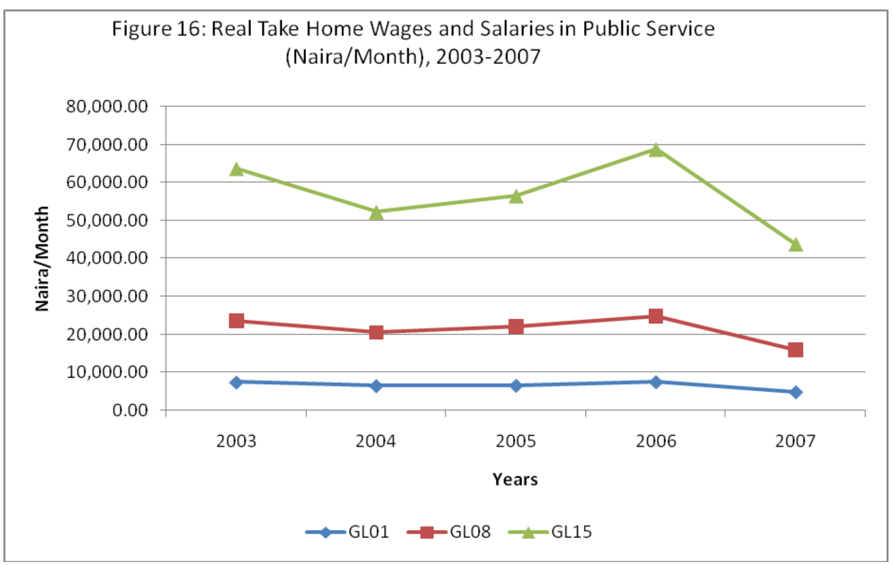
Table 7: Summary of Industrial Disputes from July 2009 to August, 2010

Period	No. of Trade Disputes Declared	No. of Trade Disputes Resolved	No. of Trade Disputes referred to the IAP	No. of Trade Disputes on-going	No. of Trade Disputes resulting in strikes
2010	263	135	32	57	39
		51%	12.2%	21.7%	14.8%

Source: FMOL&P, 2010

In the public sector, too, real wages had been already declining even before the crisis (See Figure 8).

Figure 8: Public sector real wages



Source: National Bureau of Statistics

With monthly remuneration remaining constant, and inflation rates increasing , there was a further decline in real monthly income. The current Federal Government Policy on

[34] For varying accounts, see ITUC country briefs on Nigeria; Fajana(2010); Nnanna (2011), mimeo.

wages and working conditions in the public service recognizes and, in fact, encourages collective bargaining as a machinery for discussion and negotiation, whether formal or informal, between employer's and workers' representatives, with the aim of reaching mutual agreement or understanding on the general employment relationships between the employers and workers. Nevertheless, there was a serious agitation from workers for a national minimum wage of ₦52,000 that would compensate for the high level of inflation and cost of living index, especially among the employees in the public sector. The last wage increment was in 2005 when the National Minimum Wage was increased to N5,500 and the Minimum Wage for Federal Government workers was N7,500. As a result of the agitation, the Federal Government constituted a National Minimum Wage Committee and the committee completed its assignment in May, 2010, but the Government remained adamant. The Nigeria Labour Congress therefore declared a nation-wide strike which was called off when the National Council of State approved a new national minimum wage of ₦18,000 for workers in the Public Service . The Federal Government reiterated that it would not resort to staff lay-offs despite the pressures of the global economic recession and its negative impact on budget deficit.

Furthermore, in order to address the issues of a Wage Policy that will provide a mechanism for periodic wage adjustment, the machinery and parameters for pay determination and periodic review, and the problem of pay relativity and affordability, the Federal Government of Nigeria, in January 2010, appointed the National Committee of Experts on Parameters for Wage Fixing in the Federal Public Service to advise it on matters relating to the above issues. The other impact of the global financial crisis was that it led to the review of some existing allowances in the Federal Public Service in line with the provisions of the Public Service Rules (PSR) 2008.

The Labour Unions' complaints on wages and salaries frequently centres on the real take home wages and salaries because of the high inflation rate Nigeria experienced during the financial crisis periods of 2008 and 2009 as compared to 2007. Table 8 shows Labour complaints received in the 36 State Labour Offices, the Federal Capital Territory and 23 District Labour Offices.

Table 8: Labour complaints received in the 36 State Labour Offices, the FCT and 23 District Labour Offices.

Year	Complaints Received	Complaints Settled	Complaints Pending
2008	118	91	27
2009	120	99	21
2010	54	47	7
Total	**292**	**237**	**55**

Source: FMOL&P, 2010

While the crisis had affected the formal sector workers in various forms and extent, its impact on the earnings and work conditions for the bulk of the labour force employed in the *informal sector* activities and *agriculture* are relatively unknown. There have not been any major purposive surveys on the impact of the crisis on household incomes, or small and informal enterprises. However, as noted previously, agriculture was witnessing a reverse flow of labour, both as result of lack of job opportunities in the modern, urban sectors, but also as a result of growth sustained in the agriculture sector (largely due to expanded use of land and labour)[35].

6. Impact on labour standards, including freedom of association and the right to collective bargaining.

There does not exist much documentation to report on the results of any proper investigation on the impact of the crisis on labour standards. The Federal Ministry of Labour and Productivity (FMOL&P), which is largely charged with the role of safeguarding respect for labour standards (including freedom of association and collective bargaining) is yet to release any official statistics or information on how the crisis may have caused breaches of rights at work. According to the position paper presented by the Trade Union Congress (TUC) on global financial crisis on Decent Work in Nigeria, the global financial crisis appears to have resulted in an increase in labour rights violations.[36] The initial effects of the global financial crisis, particularly in 2008, that witnessed uncertainties in the financial and business sectors resulted in insecurity of jobs, and redundancies. However, there are no statistics on the magnitude of layoffs.

[35] See World Bank (2010) for a detailed account of factors explaining reverse labour mobility in Nigeria.
[36] See ITUC briefs on Nigeria ; also Trade Unions comments on an earlier version of the Nigeria Scan; Fajana (2010; 2011).

The workers especially in the private sector appeared keener on retention of their jobs than campaign for union rights. There was already the prevalence of contract staffing for jobs (e.g. in the oil and gas industry; Fajana, 2010) whose incidence became more frequent in the aftermath of the crisis. Out-sourcing has been on the increase as a result of the crisis. Under the above, many workers were often prepared, in the absence of tripartite resolutions or fair collective bargaining, to accept flexible conditions of pay and working conditions. There are reports to suggest that workers have been sacked in several organizations for attempting to organize themselves to form unions while others have employed anti-labour practices to ensure that collective bargaining were frustrated[37].

While the government was in the process of strengthening collective bargaining and respect for rights at workplace, and was reviewing the Labour Act in line with its Transformation Agenda, the crisis was a setback. Infringements of Freedom of Association and Right to Collective Bargaining have become more visible in many organizations in recent years and most of such cases are in the Law courts for resolution[38]. Owing to job uncertainties, and lack of unemployment benefits and social security, it was increasingly difficult for workers to organize, and/or engage in collective bargaining, or to also seek to mobilize their members or new membership without incurring the wrath of management. The resultant effect is that trade union membership is becoming reduced and its power and influence threatened and this does not augur well for workplace democracy which is one of the basic ingredients for Decent Work, and an important element for increased productivity.

Outsourcing, casual and contract workers used by the employers, all have direct and indirect impact on freedom of association and collective bargaining. But the true extent of such impact is yet to be quantified due to inadequate or non- availability of statistics.

[37] See ITUC country briefs, 2010,2011 for an account of unfair dismissals ; and imprisonments.

[38] Nigeria has Labour Standards Act which reflects many of the International Labour Standards, including those on freedom of association, right to organise and collective bargaining. It has been reviewed and approved by the Federal Executive Council (FEC) and is now with the National Assembly for approval. Meanwhile, the old Labour Act is in force (TUC, 2010).

7. Important knowledge gaps that exist in understanding the impact of crisis which need to be filled for improved policy-making

Throughout the analysis above, it has been fairly evident that, given lack of data and dependable evidence, it is difficult to assess the true impact of the global financial crisis on employment, labour market variables, and other social sector variables. Broad statistics have been available on unemployment and some characteristics of the labour market. A proper assessment would require not only more detailed and more frequent labour market information, but also purposive surveys, eg on precise numbers of lay-offs, their gender, age, skills profile, and location characteristics, etc. NECA has reported enterprise bankruptcies[39]; it is important to analyse what precise crisis-induced factors have been responsible for it. Such surveys would also shed light on breaches of international labour standards, and on the industrial relations system. Some basic information on such issues as real wages and earnings, in formal and informal sectors are needed to understand whether interventions are more needed on getting inflation down, or on better jobs/income support measures. Also with respect to the informal, and rural population, the official statistics are almost non-existent, which makes it difficult to shed light on the majority of the workforce. Purposive surveys would also allow researchers to understand how, during crisis, the bulk of the informal rural and urban workforce sustains its "staying power", and which are the most vulnerable groups who are in immediate need of social assistance and targeted interventions.

The design of policies as response to the crisis , and the evaluation of their impact, need to firmly based on accurate data, and evidence-based statistics. Thus there is a need to step up the data collection and beef up the statistical base of the country. This may entail specific surveys and enhancing the frequency of surveys executed in various sectors of the economy by the National Bureau of Statistics, the Central Bank of Nigeria and other sectoral bodies charged with such data-collection mandate. Projections and monitoring of employment and labour market variables , which would be crucial in monitoring the goals and targets of the *Transformation Agenda*, would require systematic orientation of the labour market information system.

[39] See NECA (2010).

PART 2: DESCRIPTION OF CRISIS RESPONSE AND RECOVERY POLICIES

A. Accelerating Employment Creation, Jobs Recovery and Sustaining Enterprises

1. Measures to boost effective demand and help maintain wage levels including through macroeconomic policies such as :

Monetary policy, e.g quantitative easing and credit expansion

Monetary authorities responded to the global financial crisis through a number of measures to reduce the vulnerability of various *sectors* of the economy. The measures adopted by the Central Bank of Nigeria in an attempt to restore liquidity in the domestic economy were, initially, a reduction in the Monetary Policy Rate (MPR) from 10.25 points to 9.75 per cent; reduction of the Liquidity Ratio (LR) from 40 to 30 per cent; reduction in the Cash Reserve Requirement (CRR) from 4 to 2 per cent. Efforts were made to meet strict standards of fiscal responsibility; and to continue with the quantitative easing policy by providing N500 billion facility for investment in debentures issued by the Bank of Industry (BOI) in accordance with Section 31 of the Central Bank of Nigeria Act 2007. The objectives of these *actions were to restore liquidity, to facilitate access to credit, and to promote economic recovery*. The stimulus measures were further enhanced by the monetary authorities by creating a fund of N620 billion (USD 41 billion), which the CBN doled out to five distressed banks in order to boost their liquidity and solvency. Overall, the prescribed monetary targets were significantly overshot in 2008 and 2009 as a result of the global financial crisis. Conscious of the recessionary impact of the global financial crisis, the CBN in 2010 embarked on quasi-fiscal interventions by directly funding some key sectors of the Nigerian economy (see section 8).

Several other responses were made in order to restore public and business sector confidence in the banking and financial sectors. The Asset Management Company of Nigeria (AMCON) was set up to absorb nearly N1.5 trillion of the non-performing loans of the commercial banks that had created illiquidity in the economy and raised the lending rates. The Central Bank of Nigeria (CBN) articulated a series of reform blue-prints to ensure financial sector stability:

- Enhancing the *quality of banks*. This consisted of, among others, industry remedial programmes to fix the key causes of the crisis, implementation of risk-based supervision, reforms in regulations and regulatory framework, enhanced provision for consumer protection and internal transformation of the CBN

- *Establishing financial stability*. This centered on strengthening the Financial Stability Committee within the CBN and establishing a hybrid monetary policy and macro-prudential rules, including further development of capital market as alternative to bank funding. It also included measures to curb banks from using depositors' funds for proprietary trading etc., private equity or venture capital investment.

- *Enabling healthy evolution of the financial sector*. The CBN has reviewed the basic one-size-fits-all model of banking, in addition to reviewing the universal banking model mandates. This would make it possible to have international, national, regional, online and specialized banks such as Islamic banks, etc, with different capital requirements, commensurate with the depth of their activities.

- *Ensuring that the financial sector contributes to the real economy*. The CBN would take the lead in measuring more accurately the relationship between the real economy and financial sector, as well as cooperating with state governments to run pilot programmes in directing the financial sector's contribution to social and economic development within the States. The CBN has begun to implement measures aimed at improving liquidity in the inter-bank market in order to encourage banks to *extend credit to real economy in 2010.*

While all the above, and other measures in respect of the stock exchange, were undertaken to curtail volatility in the economy, and ease liquidity pressures, inflation and lending rates continued to remain high and to cause concerns for the real economy.

Fiscal policy, e.g., stimulus packages

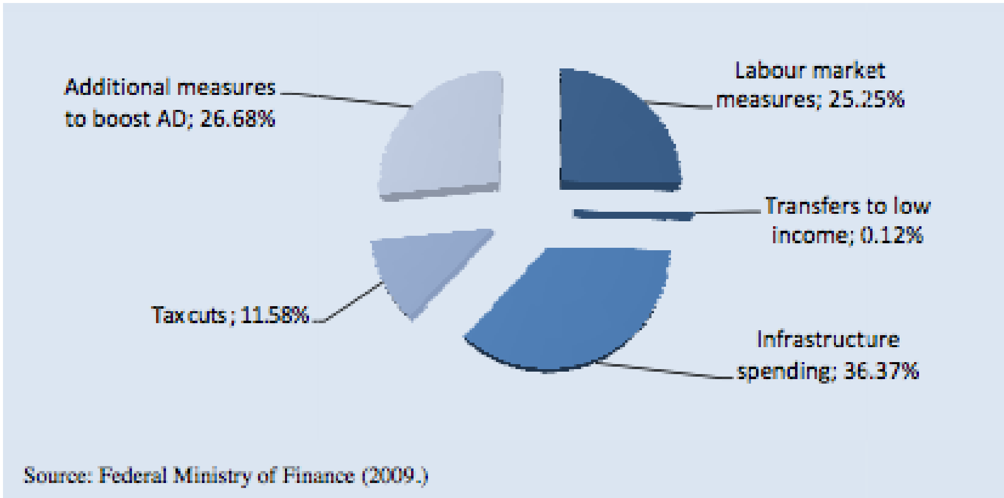
The need for the monetary authorities to follow an "accommodative" monetary policy (quantitative easing; bank bail-out funds, etc.) was not only to shore up liquidity and maintain financial stability, but also to cope with fiscal constraints. The fiscal space was being squeezed on the supply side, by declining oil revenues (accounting for three-quarters of government revenues), and on the demand side, by the need to enhance fiscal stimulus to boost aggregate demand and to lend support to the vulnerable population and small businesses.

In January 2009, Federal Government of Nigeria in response to financial crisis constituted the Presidential Steering Committee on Global Economic Crisis to identify sectors impacted by the crisis and to set aside intervention funds. The Steering Committee *identified the textile and agricultural sectors as being especially impacted by the crisis* and as a result USD 70 million in intervention funds were appropriated for the textile sector and USD 300 million for the agricultural sector.

There have been several other measures in the fiscal stimulus package to boost growth and extend income/job support programmes (see subsequent sections). According to Federal Ministry of Finance, the Federal government, in 2009, put together a fiscal stimulus package of N250 billion. The major share went to infrastructure spending, and nearly 25% to various labour market measures. The package also included sector-specific support (ex. cotton, textiles and garments), as well as support to SMEs in all regions of the economy[40] (see Figure 9).

[40] See Saget and Yao (2011).

Figure 9: Breakdown of federal Government fiscal stimulus measures



Source: Saget & Yao (2011)

Further details of the fiscal stimulus measures are provided in the various sections that follow. In this regard, it may be argued that The Federal Government's Budget 2010 could be seen as a "fiscal stimulus budget". It is seen as a principal policy instrument to transform Nigerian economy to achieve *Nigeria Vision 20:2020*, and to stimulate economic growth and sustainable development and to take Nigeria to the top 20 economies of the world, by the year 2020[41]. The 2010 budget provides for 90% of MDAs (ministries, departments, agencies) capital expenditure to five key priority areas namely: critical infrastructure; land reform and food security; human capital development; physical security, law and order; and the Niger Delta[42]. The aim is to mitigate the financial crisis, accelerate economic recovery, increase living standards and job creation as well as to making Nigerian economy globally competitive.

Social stabilizers

The macroeconomic framework of the economy does not contain any provisions for built-in stabilizers (as often observed in macro-planning in many advanced economies),

[41] See NPC*, The Transformation Agenda 2011-2015*; also the *The First National Implementation Plan for NV 20:2020* (subsequently, FNIP).
[42] Cf. Federal Government of Nigeria, Budget 2010.

nor is there yet a system of social protection. A proper unemployment benefit and insurance scheme is yet to be articulated.

The bill for the establishment of social security scheme in Nigeria is still awaiting ratification in the National Assembly. The draft document on Social Protection Policy for Nigeria advocates strengthening of existing pockets of social protection programmes and introduction of new programmes through social assistance and social insurance methods, inclusive of family benefits, child benefits etc.

As noted earlier, some of the vulnerable groups are being supported, largely on an ad hoc basis, through special programmes, such as infrastructure works, micro-credit lending for self-employment and training, as well as those that are coordinated through National Directorate of Employment (NDE), "In care of the people" (COPE) etc. (see section on social protection discussed later)

2. Investment in infrastructure, public services, green production, and research and development

The Nigerian government has paid significant attention to investment interventions in infrastructure- building programmes. Of the Federal allocation of N91 billion on infrastructure projects in 2009, ie nearly 36 per cent of the stimulus package that year, about a quarter were earkmarked for infrastructure development, and about 50 per cent on building of airport road. The rest were given to emergency roads rehabilitation, building of health centres and telecommnications infrastructure[43] (see Table 9).

[43] C.f. Saget and Yao (2011).

Table 9: Infrastructure projects implemented by the federal Government

	Cost in billion of Naira	Share of the total stimulus package (per cent)
Infrastructure development	20.50	8.18
Gas & oil installation rehabilitation	5.00	2.00
Telecommunication infrstructure	2.40	0.96
Emergency roads	15.00	5.99
Building of health centres	1.70	0.68
Building of airport road	46.50	18.56
Total	**91.10**	**36.37**

Source: Saget and Yao (2011)

Apart from the above fiscal stimulus allocations, the CBN in 2010, within its framework of quantitative easing, has issued a N500 billion facility for investment in debentures issued by the Bank of Industry (BOI), for investment in emergency power projects dedicated to industrial clusters. In turn, such power and economic infrastructure building were expected to promote private sector investment, both domestic and foreign, and employment-generating growth. There was also investment in associated projects including power generation, transmission, and distribution; investment in upgrading railway networks, road projects and maintenance works etc. The aim of investing in infrastructure was to bridge critical infrastructural gaps in order to reduce the cost of doing business in Nigeria, and to further create employment opportunities.

While the employment-generating potential of these infrastructure investments, direct and indirect, is unclear, the essential focus of these was on regenerating growth and business. These were, by themselves, not necessarily employment-intensive investment programmes, such as labour-based infrastructure programmes (i.e. public works), which are practised in many developing countries to cushion job/income entitlements of the vulnerable people. The direct employment consequences of Nigeria's infrastructure are unlikely to be high, and the indirect effects will depend on the implementation process, as well as the time lag that each project would involve.

Insofar as "green production" is concerned, and its potential to address crisis-related vulnerability, there have been no immediate interventions, although the government is actively involved in the finalization of a national strategy to harness environmental and employment/income dividends of a green economy[44].

3. Protection of employed workers through employment retention measures through well-designed schemes implemented through social dialogue and collective bargaining.

During an economic crisis that causes major job losses and redundancies, it is not uncommon that the social partners often seek resolution, *inter alia,* in employment retention initiatives that are agreed upon through social dialogue and collective bargaining. This is largely applicable where labour is organized. In Nigeria, nearly three-quarters of the workforce are in the informal, unorganized sector, and of the remaining, more than 60 per cent belong to the public sector (see Table II in Annex).

With respect to the relatively small, organized private sector workforce, there exist patchy evidence on the extent of layoffs and job losses during the recent crisis. Job losses have been reported in textiles, garments, telecommunications and the banking sector,[45] arguably the largest private sector employer. There are no *established* reports to suggest whether employment retention measures have been undertaken, to prevent job losses, through transparent social dialogue.[46] There are anecdotal evidence that some banks reorganized their labour force through flexible wage agreements. Other employment retention measures, allegedly took the following forms: extension of working time without overtime payments, embargo on new employments, non-negotiation of new collective agreements, maintenance of status-quo in terms and

[44] See, for example, NPC, *Nigeria Vision* 20:2020; also FEPA (Federal Environmental Protection Agency), *Draft Objectives and Strategies for Nigeria's 21.*
[45] See CBN ; various Annual Reports ; Nnanna (2011).
[46] In many instances, collective bargaining takes the form of bi-partite negotiations. See, for example, Fajana (2011).

conditions of employment, non- renewal of certain benefits and allowances,etc., amongst others[47].

However, no significant losses in employment have been reported for the public sector except through the accepted means of exit, such as attainment of 60 years of age or 35 years of service. The Public Service Rules (PSR) guiding security of employment in the public sector still persists and has not been changed as a result of the crises.

4. Help workers find employment through active labour market measures like:

A full-fledged active labour market policy framework (ALMP), which supports the jobless and the vulnerable, whether during normal times or economic downturns, is yet to be articulated and institutionally embedded in the Nigerian economy. However, various elements of ALMPs exist that vary in weights and coverage of the beneficiaries. More importantly, there have been no systematic monitoring and evaluation of the use of these instruments during the crisis that could have provided an understanding of their impact.

Public employment services

There is no public institution set up to help workers to seek employment, not only during the crisis period but also in general. Although not directly related to the financial crisis, the Federal Ministry of Labour and Productivity has licensed many private agencies to recruit for organizations such as banks, oil companies as well as the government and one of the objectives is to address the issue of labour casualization. There has been the setting up of the National Electronic Employment Exchange to disseminate information on vacancies and placements for jobs seekers. Its impact on employment has however not been undertaken. Offer of temporary employment was made by various governments in some sectors, such as the teaching and public works to encourage employment.

[47] Anecdotal evidence is provided in various reports; see, for example, TUC (2010) position paper; ITUC annual survey of violations of trade union rights; Fajana(2010), etc.

Job orientation measures

There was no specific job orientation measure induced by the impact of the global financial crisis but there were measures already in place, for addressing the issue of job orientation. Measures are being taken by the three tiers of Government at orienting job seekers without relevant skills to acquire skills in areas/sectors with high potential for employment generation or in establishing their own small scale enterprises. Vocational training guidance and career planning services are being reviewed to adapt to the market demand for skills.

Skills development

Several programmes for skill development and skills upgrading, which were already in place have been boosted up during the crisis. The Government identified the National Directorate of Employment (NDE), the National Poverty Eradication Programme (NAPEP) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as priority areas in response to the global financial crisis. These bodies were charged with the responsibilities of training, developing and upgrading the skills of people in order to improve their chances of getting employment. The 2009 Supplementary Appropriation was declared by the Federal Government as a stimulus measure and under this measure, increased budgetary allocations were made to the above. Additional poverty alleviation intervention grants were appropriated to SMEDAN, NAPEP, and NDE to the tune of ₦400m, ₦300m and ₦500m respectively. The Small and Medium Enterprises Development Agency of Nigeria facilitated access of micro, small and medium entrepreneurs to resources required for business development. It provided skill acquisition and capacity building to the unemployed, entrepreneurship development and business support services with a view to encouraging self-employment.

In line with the NEEDS programme, the FMOL&P has established some Skills Acquisition Centres and Job Centres of Excellence to address the issue of providing relevant and adequate training for Nigerians in the areas of high demand. These centres are intended to create and impact technical and vocational skills to Nigerian graduates from tertiary institutions, which would make them “job creators” rather than “job seekers”. The Ministry rehabilitated three Skills Up-grading Centres located at Lagos, Kaduna and

Ibadan, with a view to up-grading them to Job Centres of Excellence. Additional Centres were built at Calabar, Warri, Enugu, Lafia and Bauchi. A total of 632 trainees were admitted during the period 2009-2010. The net employment effect of these extended measures is not available.

Special youth employment measures

As noted earlier, the crisis has aggravated the persistently high and rising unemployment in the economy, in particular the unemployment of young women and men. (See Figure IV in Annex). While youth unemployment is being addressed partly through the mainstream stimulus package (such as through NDE, SMEDAN etc.), other measures were being introduced. A Presidential Job Summit was held in 2011, where the President underscored that "unemployment among our youths is one of our biggest challenges", and that "the time has come to create jobs [and] lay a new foundation for Nigeria's economic growth". Accordingly, he declared his administration's commitment to adopt the recommendation of the newly-created National Committee on Job Creation, NCJC, (in 2010) to create 1.5 million new jobs; this would also include provisions for 110,000 youths to be financially empowered to fulfill their entrepreneurial acumen. The youths' employment programme was code-named: "You-Win". Social safety nets for youth are being launched[48]; and a sum of N50 billion (approximately USD333 million) was earmarked specifically for the establishment of a public works programme (PWP).[49]

Incentives/subsidies to hire

The Government of Nigeria did not provide any incentives/subsidies with a view to motivating organizations to hire or employ workers in response to the global financial crisis. The incentives/subsidies given to the agricultural sector, such as tax reduction, fertilizer subsidies, subsidies on agro-chemicals and subsidies on purchased farm equipment, were likely to have encouraged output and employment. There is evidence to suggest that agriculture, despite some decrease in its growth, maintained its resilience, and that labour was moving into the sector, out of wage employment[50].

[48] See World Bank, Nigeria: Country Brief 2011.
[49] Nnanna (2011), mimeo, op.cit.
[50] See Part I, with reference to World Bank (2010), op.cit.

Entrepreneurship skills

The Central Bank established private sector- led Entrepreneurship Development Centres (EDCs) in the six geo-political zones in Nigeria in 2008. The objectives of the EDCs are fairly ambitious and, they aim: to develop the entrepreneurial skills of potential clients of formal and informal financial institutions; to reduce unemployment among the unemployed graduates of tertiary institutions and secondary school leavers; complement the efforts of relevant government agencies on employment generation; orderly development of the fledgling microfinance industry; and raising a new class of entrepreneurs and business owners who can compete globally, manage micro, small, and medium scale enterprises, and provide the catalyst for the industrialization of Nigeria.

The Central Bank of Nigeria through its entrepreneurship programme has been training a growing number in the area of entrepreneurship development. After graduation, the students are given equipment and facilities to enable them start their own business depending on their areas of specialization. Through the EDCs, many graduates have taken entrepreneurship as a viable career option or as an alternative to formal sector wage employment. The true impact of these programmes needs to be assessed.

5. Address youth unemployment through the provision of vocational and technical training and entrepreneurial skills development.

As noted above, the crisis of youth unemployment is being seriously addressed though stepped up reforms, and enhanced sectoral allocations, as well as funding special initiatives. In fact, the government has announced the implementation of a youth employment safety net programme, including through conditional cash transfer and vocational training[51]. The precise size and coverage of the programme are yet to be charted out (see section on youth employment above).

[51] See NPC, *The Transformation Agenda, 2011-2015.*

In order to prevent the already unusual high youth unemployment and underemployment rates from getting higher, the Federal Ministry of Youth Development, has developed the Nigerian Youth Employment Action Plan (NIYEAP) 2009-2011[52], to enable Nigeria respond more effectively to the challenge of youth unemployment facing the country. In 2009, the Federal Government of Nigeria has also developed a National Youth Job Creation Templates. The youth job template represents concrete steps toward job creation and increased employability for young men and women.

6. Other targeted programmes such as public employment guarantee schemes, emergency, public works, and other direct job creation schemes

The fiscal stimulus package, mentioned earlier, contained allocations for a few targeted programmes to offer job/income entitlements during the aftermath of the crisis. These were not so much for employment *guarantee* schemes, but for a variety of programmes ranging from small-scale enterprise (SSE), to vocational skills development (VSD) and rural employment promotion (REP) programmes etc., carried out under the National Directorate of Employment (NDE). Unlike in many developing countries which had expanded infrastructure allocations on labour-based public works programmes, Nigeria's fiscal stimulus for infrastructures, though significant, were not necessarily designed for *direct* job creation[53].

The NDE, during 2009-2010, carried out several programmes, under the programmes mentioned above, but the number of beneficiaries was, given the scale of each operation, relatively small. The detailed programmes and number of beneficiaries are given in Table 10. The NDE planned to scale up its programmes by three-fold during 2011.

Given that women are a vulnerable group, the NDE contains a few targeted programmes to support their income and employment entitlements. The size of the

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[52] The NIYEAP, together with the youth job creation templates have identified specific potential sectors, and resource requirements, for a strategic approach to youth employment.

[53] The government is planning to launch a "comprehensive public works programme" to cope with the unacceptably high unemployment problems.See WB (2011), *Nigeria Country Brief.*

operations is, however, very small relative to the scale of support needed to empower women in businesses and workplace.

Table 10: NDE programme delivery in 2010 and 2011 (projection)

S/N	PROGRAMMES/ SCHEME	YEAR 2010	YEAR 2011 PROJECTION
	VOCATIONAL SKILLS DEVELOPMENT PROGRAMME		
1	National Open Apprenticeship Scheme (NOAS)	15,977	37,000
2	School – On – Wheel (SOW)	590	18,500
3	Resettlement Loan Scheme	1012	55,500
4	Vulnerable People	1,850	1,850
5	NDE/ MDG Skill Acquisition Training Centres		
6	Trainers Capacity Upgrading (TCU)		370
7	NDE/ Institute of Advanced e- Studies Collaboration - (NETS)	89	
	SMALL SCALE ENTERPRISE PROGRAMME		
8	Start Your Own Business (SYOB)		18,500
9	NYSC/EDP Sensitization	56,400	95,000
10	Basic Business Training (BBT)	600	18,500
11	Women Employment	1,850	18,500
12	BBT for Women and Vulnerable women	3,700	
13	Resettlement of Women and Vulnerable Women	133	
14	NACRDB		
15	NDE/CBN/NYSC Collaborative Ventures -(EDP)	1,200	
16	NDE/NYSC EDP	200	
	RURAL EMPLOYMENT PROMOTION PROGRAMM (REP)		
17	Rural Agricultural Development Training Scheme (RADTS)	4,440	7,400
18	Rural Handicraft Scheme (RHS).		3,700
19	Resettlement RADTS Trained Participants		7,400
20	BBT for Graduated RADTS	50	7,400
	SPECIAL PUBLIC WORKS PROGRAMME (SPW)		
21	Graduate Attachment Programme (GAP)	2,186	7,400
22	Environmental Beautification Scheme (EBS)	925	1,850
23	Wind Energy Training Scheme	90	3,700
24	Solar Energy Training Scheme (SETS)	550	3,700
25	Resettlement of Solar and Wind Energy Trained Participants		7,400
26	Labour Based Training Scheme (LBTS)		
27	Community Development Scheme (CDS)	579	3,700
	STIMULUS PACKAGE SPECIAL PROGRAMME		
28	4790 Job Scheme (Training and Resettlement)	3,576	
	TOTAL	95,997	317,370

Source: NDE, 2010

Other targeted interventions included those under the National Poverty Eradication Plan Agency. For example, the conditional cash transfer programme ("Care of the People", COPE) received an allocation N300 million which supported livelihoods of 8'850 households, such that nearly 30 thousand children could attend primary school[54].

7. Support to public and private enterprises (including cooperatives) and micro-entrepreneurs through measures like:

Credit facilities, access to credit, guarantees

It may be recalled that the broad thrust of Nigeria's efforts to boost employment in the aftermath of the crisis, was relatively less on *direct* job creation interventions, and more on growth of businesses, including small enterprises and cooperatives. Hence, it may be noted, aggressive monetary policies were undertaken to ease the liquidity crunch, and to reduce the MPR from 10.25 to 9.75%, and subsequently to 6.0%. Measures were also taken to enhance access to credit, and to improve business climate. With regard to the latter, the fiscal stimulus was geared strongly toward infrastructure building and ease constraints of power and fuel.

Similarly, for agriculture-based enterprises the CBN in collaboration with Federal Ministry of Agriculture and Water Resources (FMA&WR) established the Commercial Agriculture Credit Scheme (CACS) to be financed from the proceeds of the N200billion raised by the Debt Management Office (DMO). The fund was made available to the participating banks to finance commercial agricultural enterprises. In addition, state governments could borrow up to 20% of the bond proceeds for on-lending to farmers' co-operative societies in their States.

The aim was to fast track development of the agricultural sector of the Nigerian economy by providing credit facilities to commercial agricultural enterprises at a single digit interest rate and to enhance national food security and promote low food inflation. The target population were the corporate and large scale commercial farms/agro enterprises, medium scale commercial farms/agro enterprises, and State governments.

[54] Saget and Yao (2011), op. cit.

It may be noted that while, in general, Development Banks, Commercial Banks and major-finance institutions extended credit facilities to enterprises (both small and large scale) to maintain or upgrade their operations at agreed interest's rates, access to credit was still very difficult for small scale enterprises especially those without collaterals.

The Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) has been providing farmers with micro credit to encourage investment in agriculture; and medium loans to enhance the financing of small agricultural projects. The International Finance Corporation (IFC) has announced a $70 million investment in First City Monument Bank (FCMB) to support the Bank's growth strategy and help it increase financing of small and medium enterprises.

Payment facilities

There were no specific payment facilities introduced by the government for the global financial crisis.

Access to public tenders

No changes were made to the Federal Government Public Procurement rules and regulations since the onset of the global financial crisis. The rules and regulations guiding Public Procurement was the one issued by the Budget Monitoring and Price Intelligence Unit (BMPIU) or the Due Process Unit, during the last Public Procurement Reform Programme in Nigeria. Generally, there are no limitations to public tender provided the contractors fulfill the due process requirements of the Bureau for Public Enterprises (BPE).

Subsidies of various sorts (non-wage labour cost, export credit facilities)

An elaborate system of subsidy measures has been in existence before the global financial crisis. These are mostly directed to boosting agriculture output and productivity, and exports of goods and services. Specific to addressing the impact of the crisis, wage, and/or non-wage subsidies, for incremental job creation or retention of employment are not observed. Tax cuts have been given to the private sector, largely in the form of VAT refund scheme. The latter amounted to nearly N29 billion in 2009. Export stimulation measures to the tune of N3 billion were also introduced to support the exportable sector[55].

Facilities for training programmes, skills development, upgrading and re-skilling

As stated earlier, the various government institutions such as the NDE, SMEDAN, and NAPEP charged with the responsibility of providing such training programmes were empowered by the Federal Government of Nigeria. These measures were already existing measures but were stepped up as a result of the global financial crisis. There is no subsidy for companies that retrain and train their workers instead of reducing their labour force. Details of the above programmes have been cited in previous sections (see sections 4 and 6 above).

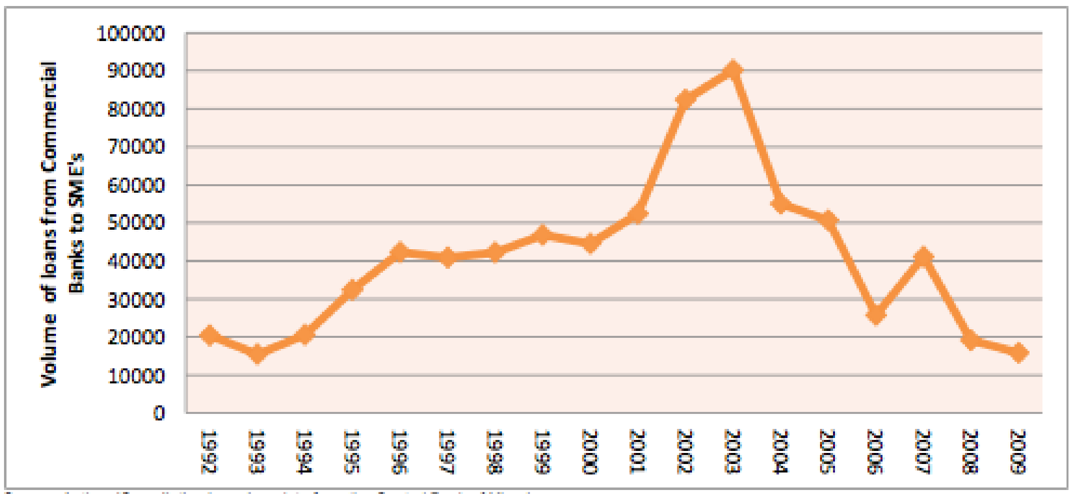
Special measures for SMEs, micro-enterprises, and cooperatives

As stated previously, the government's support to the recovery of business including small and micro enterprises, have been through its monetary and fiscal stance (see Sections 1(a); 1(b); 7), to create an appropriate business-friendly climate, and to ease various infrastructure constraints. There have been directives to lending institutions for easier access to credit, particularly in designated industrial clusters and its value-chains[56]. However, despite injecting substantial liquidity, the actual costs of borrowing were still high, and often inaccessible to the smaller businesses and cooperatives. The latter also continued to face problems of bureaucratic bottlenecks and collateral requirements. The actual lending by commercial banks to SMEs have, according to a recent study, declined quite tangibly during the recent years, and sharply during 2008-2009.

[55] Saget and Yao (2011).
[56] See WB study (2011) on some preferential industrial clusters and value chains.

Women, in particular, whether in cooperatives or small and micro-businesses, face considerable constraints in getting access to commercial loans. This feature is acknowledged in *Nigeria Vision 20:2020* and warrants various measures to empower women's participation in the economy.

Figure 10: Volume of Loans from Commercial Banks to SMEs in Nigeria (1992-2009)



Source: Authors' Compilation based on data from the Central Bank of Nigeria

Source: Agu and Evoh (2011)

Given the difficulties of liquidity, and rising costs of borrowing, the Government has opened up a facility of a Credit Governance Scheme with an initial fund of N200 billion, to extend credit support to SMEs[57].

Tax reductions

There were no tax reductions specifically dedicated to crisis-coping and economic recovery. The major element in the fiscal stimulus, as stated earlier (see Section A.7.d), that was given to the private sector was tax cuts, largely in the form of a VAT refund scheme. Corporate sector tax remained at 30 per cent, and the employers groups have been calling for an immediate review of the tax regime[58].

[57] See, NECA (2010), op.cit.
[58] NECA (2010), ibid.

Supportive Regulatory Environment conducive to Job Creation through Sustainable Enterprises

There have been no reported crisis-induced policy or programme interventions with respect to the above. It must be stated that the FNIP in initiating programmes toward the *NV20:2020* carries commitment to sustainable development, under the "environment dimension" cluster[59].

8. Support Job Creation across Sectors of the Economy, recognizing the value of the Agricultural Sector and the need for Rural Infrastructure, Industry and Employment

This Scan, like many other analysts, has observed that during 2009-10 period of the crisis, the government's immediate response was in addressing the impact of declining crude oil revenues (especially on budget and external reserves), and on restoring investment climate (through rescuing banks from bankruptcies, and injecting liquidity). Follow up steps were subsequently taken through measures to support the real economy, and a modest fiscal stimulus package to boost aggregate demand (infrastructure spending in particular). How far these measures would positively affect the real economy, and in which sectors, and whether they would unleash the job creation potential of the recovery programme, was neither designed nor monitored. As one observes, unemployment has continued to rise, youth employment has reached unacceptable levels, and poverty incidence has been stubbornly persisting at more than 54 per cent. Targeted employment schemes, especially for young men and women, have been few and far between.

The GDP growth has bounced back in 2010 (over 7 per cent) and is expected to remain high in 2011. With high unemployment and poverty, the government has enhanced its budget expenditures. Allocations to the broad sectors are shown in Table 11.

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[59] See NPC,FNIP.

Table 11: Allocations to key sectors for 2009 and 2010

	Total Allocation 2009	Total Allocation 2010
Agric and Water	166.92	184
Defence	223.02	292
Education	224.68	295
Health	154.57	180
Science and Technology	22.61	60
Power	99.59	195
Works and Housing	240.46	250
Niger Delta	51.00	94
Internal Security	206.95	327.65
Total Expenditure for Key Sectors	1,389.80	1,877.21
Total Expenditure	3,101.81	4,608.62
Proportion Used for the Selected Ministries	44.81	40.73

Source: Olaniyi, O. (2010)

Aggregate expenditure budget for 2010 was N4.079 trillion (31.5% higher than the N3.10 trillion in 2009). There was a deliberate expansion in budgeted expenditure over that of 2009 fiscal year to counter the effects of the credit crunch on the economy as well as to reduce the infrastructure gap. Five key priority sectors, namely: infrastructure, human capital development, physical security/law & order and power received 90 per cent of MDAs' capital expenditure.

Nigeria is currently repositioning agriculture in its development strategy, and to this end, has increased budgetary allocation for agriculture from 3 per cent to 7 per cent of total budget in 2008. In addition to the budgetary allocation, Nigeria is dedicating 1.68% of its Federation Account as a special intervention fund for agricultural development in the next four years with a take-off fund of about $700m. This is expected to boost the job creation capacity of the agricultural sector. The special intervention programme has taken an agricultural value chain approach, covering production, processing, and storage and market development combined with the strengthening of research and development capabilities. Specific attention is being made to extend bank loans to agriculture, and in invigorating domestic production of rice, and other crops to enhance food security, reduce import bills and increase employment[60].

Rural infrastructure is inadequate, and puts a high cost on net output. Increasing attention is now being paid to building rural infrastructure, especially through labour-based technology, and a major programme is being launched that is expected to generate substantial employment in the rural areas[61].

Major efforts are being made towards industrialization, particularly through increased lending and incentives toward industrial clusters and value-chain priorities[62]. Although the crisis, especially jobs crisis, has placed increased significance to step up industrialization, this is also linked to the government's transformation agenda, through which the share of the sector, currently quite low, is expected to increase substantially.

Box 1. Greening the economy and challenges
Nigeria is also set to mitigate global warming effects through mass aforestation and reforestation of degraded areas, integrated water management and the promotion of biofuels using jatropha and cassava as feedstocks. The use of cassava as a feedstock is part of the strategy to sustain its increased local production without jeopardizing cassava food production as over 1 million additional hectares will be opened, cultivated and dedicated as cassava for ethanol. Other measures include increasing the efficiency of energy production and use and this must have informed the decision of the Federal Government to stop gas flaring; initiating major changes in land use to reduce and reverse deforestation (since mature forests tie up large amounts of carbon); water shed management; laws on bush burning and tree planting enacted; establishment of shelter belts; raising and distribution of seedlings free of charge to the public for planting; provision of legal guidance and legal backing to efforts aimed at improving the environment; reduction in the emissions of principal green house gases; halting the destruction of rainforests and initiating a major programme of reforestation; changing agricultural practices to reduce methane and nitrous oxide emissions and limit forest clearance and construction of defence to protect coastal regions against sea-level rise.

[60] Cassava alone is estimated to produce 1.4 million jobs by 2015; (as stated by the Minister of Finance, quoted in *This Day).*
[61] See World Bank, Nigeria Country Brief, 2011.
[62] For elaboration of some of these priority sectors see, FNIP and The Transformation Agenda; a good analysis of potential value chains is contained in World Bank (2010).

B. Building social protection systems and protecting people

As has been noted previously, neither a proper social security system is yet to be established, nor is there a national social protection strategy exists currently. Hence the absence of mandates, legal and institutional frameworks, has constrained programmes and resource allocations to come quickly to crisis-affected population. Nevertheless, the crisis has provided the necessary impetus to the need for a comprehensive social protection system, an initiative which has been incorporated in the *Vision Nigeria 20:2020*, and the FNIP.

The situation has been evolving since the setting up of a National Working Committee on Social Security Policy in 2009, and the subsequent preparation of a Social Security draft bill, which is awaiting the approval of the National Assembly. The social security scheme is expected to make adequate provisions for health insurance, and maternity benefits, as well as old age protection, work injuries, disability, etc. The National Social Security Policy will cover both the formal and the informal sectors of the Nigerian economy, both urban and rural, with a view to creating a caring and inclusive society. People in the informal sector are expected to benefit from old-age, disability, survivors, sickness, maternity, work injury, old-person's pension (non-contributory retirement pension) allowances.

What currently exist as "ingredients" of a social security system are a few individual schemes, which would need to be reviewed and aligned with the proposed national social security framework. For instance, there is the contributory pension scheme, the health care scheme being conducted by the FMOL&P under the recently set-up Health Maintenance Organization (HMI); the Employees' Compensation Scheme, etc. The Pay-as-You-Go pension fund is contributory and is intended to empower retirees to get into venture creation; the HMO health programme has only recently started, with initial operation in Abuja; the Employers Compensation Scheme, has revised the provisions of the earlier Workmen's Compensation Act, and would draw on the NSITF for financial support. The latter is yet to go into practice.

Apart from these "ingredients" of social security system, the government attempts to provide generic social protection through transfers, largely through allocations to education, health and other social and community services. According to one study, public expenditure on social protection measures has risen since 2009, while expenditures on health and education have declined[63].

Expenditures on social protection measures include those related to poverty-alleviation, women's and social development affairs[64]. Despite the increase in expenditure on these items, the proportion is relatively lower than observed in many, relatively less-rich, sub-Saharan countries[65].

1. Cash transfer schemes

The notable scheme in Nigeria with regard to conditional transfers (CCTs) is the so-called COPE ("In Care of the People") programme. The COPE is one of the Federal Government's poverty intervention measures, within the framework of NAPEP. The COPE, which started as a pilot, and resourced through the Debt Relief Gain (DRG)[66], is being scaled-up to reach various states, so long as the states agree to match Federal funding for the programme. During the crisis, the COPE was allocated additional funds of N300 million in 2009 to step up its efforts to reach the poorer households. In general the COPE caters to a rather small proportion of the poor and vulnerable including female-headed households, and the cash transfer is largely conditional on children attending school and/or undergoing health check-ups and some programmes cater to support girl's education[67].

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[63] See Hagen-Zanker and Tarakoli (2011).
[64] Holmes et al. (2011), op.cit.
[65] Hagen-Zanker and Tavakoli (2011).
[66] Part of the DRG agreement was that the government would dedicate debt-relief resources to the pro-poor programmes.
[67] According to an ODI study, COPE caters to less tha 0.001 per cent of the poor nationally; and the CCTs for girls' education covers 0.002 per cent of the targets in Kano; Cf Holmes (2011).

2. Building an adequate social protection for all, drawing on a basic social protection floor

The global financial crisis has had an adverse effect on the already high levels of poverty in Nigeria, and the social protection response to date, in the form of social assistance, has been limited, largely constrained by the weak systems and low coverage of pre-existing provisions. The social security bill, which promises to create a basic social protection system, is awaiting ratification by the National Assembly. There is no social protection scheme or insurance in Nigeria though attempts have been made to extend some forms of protection, for example through the Nigeria Social Insurance Trust Fund (NSITF) and the Pension funds, the latter covering only a fraction of the total workforce in the economy.

Other measures put in place by the Federal Government, and which could support the construct of an adequate social protection are: Universal Basic Education, guaranteeing free education for children of school age from primary to junior secondary; national minimum wage policy (again applicable only to the organized sector); retirement pension policy with minimum income guarantee ; a health policy through the National Health Insurance Scheme (NHIS), and primary health care services to engender improved healthcare, maternity care, nutrition and across the country.

The FMOL&P plays a key role in promoting social security of the ageing. The Federal Executive Council (FEC) mandated the Ministry to constitute an Inter-Ministerial Committee to produce a National Action Plan and Policy on Active Ageing for the country. The FEC also directed States and Local Governments to design programmes and projects in that regard and to make annual budgetary provisions for their implementation. The FMOL&P is the Secretariat of the Inter-Ministerial Committee for implementation of the plan (FMOL&P, 2010).

There thus exist a number of social protection initiatives, that have varying coverage, which could be extended (especially to include the informal workers), and aligned with other elements to constitute a social protection floor. This would require major financial, institutional, and legal support, as well as capacity-building.

3. Extending duration and coverage of unemployment benefits

There is no unemployment benefit scheme in Nigeria at the present. The bill for the enactment of unemployment insurance scheme is still awaiting ratification at the National Assembly.

4. Ensuring the long-term unemployed stay connected to labour market

A well-articulated active labour market policy (ALMP) framework, and its implementing institutions are necessary to address the situation of long-term unemployed and the discouraged workers. Nearly one-quarter of the working population is outside the employed workforce, with substantial proportion, largely young men and women, being discouraged workers[68]. Since the rate of unemployment has risen during the crisis years, it is likely to have had adverse effects on the long-term employed.

There are no specific income/employment entitlements for the long-term unemployed; apart from existing generic mechanisms of support to the unemployed, the government's fiscal stimulus contained additional allocations for labour market measures; these were largely channeled through NDE, NAPEP and SMEDAN which extended vocational training, entrepreneurship training, credit and business support services. In the absence of public employment services, the FMOL&P has established the National Electronic Labour Exchange (NELEX) in order to facilitate registration of job seekers and notification of vacancies by the employers. There are no evaluation reports to assess how effective these have been in mitigating the conditions of the long-term unemployed.

[68] Cf. World Bank (2011) op.cit.

5. Providing minimum benefit guarantees in countries with inadequate funding

In Nigeria, there are hardly any minimum income security, or any employment guarantee schemes. These are likely to follow the ratification of the proposed bill on social security. Currently, the government is in the process of providing access to basic social services, such as health and education. The Universal Basic Education, as mentioned earlier, has provisions for free education for all children in primary and junior secondary education. Access to healthcare at affordable costs is being promoted nationwide through the National Health Insurance Scheme.

The Federal Government of Nigeria expanded the coverage of some poverty intervention programmes under the auspices of NDE, NAPEP and SMEDAN. These, included conditional cash transfers, the Village Economic Development Solution, Vocational Skills Development (VSD) and Give Back Programme.

6. Measures to improve pension fund design to protect workers' savings

The measure at stake is the Contributory Pension Scheme. This is a Pay-as-You-Go defined benefit scheme. The new pension scheme ensures that every person who has worked in either the public or private sector receives his retirement benefits as and when due. This scheme also empowers retirees to go into venture creation. The scheme does not cover the bulk of the workforce in the economy, especially those in the informal workers.

7. Providing adequate coverage for temporary and non-regular workers

There is no social security coverage for temporary and non-regular workers in Nigeria. Policies aimed at addressing this issue are expected to be drawn from the proposed social security bill. At present, part-time and casual workers are at a disadvantage relative to formal, full-time workers. For instance, they are not covered by the Minimum Wage Act[69].

8. Helping vulnerable groups most hard hit by a combination of income support, skills development and enforcement of rights to equality and non-discrimination

As already stated, the vulnerable groups in the society are helped through the employment and skill acquisition programmes of the NDE, SMEDAN and the Conditional Cash Transfer Programme, Give Back Programme and the Village Solution Programmes of NAPEP. Enforcement of rights to equality is addressed through the promotion of rights to equality and non-discrimination. While the Constitution of the Federal Republic of Nigeria forbids discrimination on the ground of sex, women are nevertheless widely observed to be at a disadvantage; their unemployment rate is much higher than that of males, and are poorly represented in the organized sectors and public offices and institutions[70]. Women in the informal sector activities are unprotected by the existing the regulatory framework.

9. Measures to avoid deflationary wage spirals through social dialogue, collective bargaining, statutory or negotiated minimum wages

The Federal Government of Nigeria through the National Council of State in November 2010, approved an increase in the national minimum wage from N5,500 to N18,000. As stated earlier, the informal sector workers, as well as casual and temporary workers, continue to remain unaffected/ unprotected by the new legislation. The increase was designed to reflect the high inflation rates and cost of living index among others. The decision was reached after a series of protests by the trade unions. As has been noted in Part I despite the rise in minimum wages, the effective income

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[69] See Fajana (2010), mimeo.

[70] *Ibid;* also see *Nigeria Vision 20:2020.*

gains are likely to be eroded if the food and core inflation continue to remain high. Aggregate demand, which may have been affected by the above, especially in 2009, bounced back, thanks to the growth of output and incomes in the services and agriculture sectors.

10. Measures to regularly review and update minimum wages

Minimum wages are set by the government in Nigeria. The modality for the determination and adjustment of wages paid to public workers in Nigeria has been a critical policy issue. For a long time, the country practiced a unified salary structure for workers in the public service. Within the framework, the Nigerian worker witnessed occasional fixing of the minimum wage at the government's discretion through Commissions. In most cases, such reviews were not considered paramount until it degenerated into a situation that threatened the economy. Wages need to be adjusted in line with the developments in the economy using parameters such as basic needs of workers, affordability and sustainability, cost of living index through the process of collective bargaining. The minimum wage in the private organized sector is normally established by consensus among the Government, Workers' and Employers' Organizations. It may be noted that, despite consensus on minimum wages, there are reports of widespread non-compliance[71].

11. Measures to ensure that negotiated wage rates in procurement contracts are respected

Although not directly related to the global economic and financial crisis, the Budget Monitoring and Price Intelligence Unit (BMPIU) otherwise known as the Due Process Unit is the body charged with the responsibility of ensuring that negotiated wage rates in procurement contracts are respected. No specific measure has been taken in response to the crisis.

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[71] See *Nigeria Youth Employment Action Plan 2009-2011 p.72.*

12. Measures to narrow gender pay gaps

During 2000, Nigeria adopted and passed into law the National Policy on Women, with the objective of reducing gender inequalities that have evolved through structures and processes created by patriarchy, and various economic, social and cultural factors. Despite this, gender inequality, including in pay, is visibly high. According to Hausmann et al. (2009), Nigeria slipped down in the global gender gap index, from 102 in 2003 (out of 130 countries), to 108 in 2008 (out of 134 countries). The study further observes that female-male earnings (in PPP$) were 0.40.[72] Gender pay differentials according to analysts are usually higher in informal private sector organizations, and are often determined by the levels of education, experience and location.[73] The informal sector is outside the purview of the Wage Commission's considerations and negotiations on wages, that are applicable to the formal, organized sector. Information is unavailable to ascertain whether specific measures were undertaken to address gender pay gaps, during the post-crisis period; if so, with what results[74].

13. Measures for domestic and international migrant workers protection and support in receiving countries or measures ensuring the protection of migrant workers in the case of return

The Federal Ministry of Labour and Productivity (FMOL&P) has put in place a Labour Migration Desk to address the associated problems with the movement of skilled and unskilled persons within and outside the country. The International labour Migration Desk took part in Job Matching Scheme trainings within the framework of a project on "Reducing Irregular Labour and Promoting Legal Migration in Nigeria, Ghana, Senegal and Libya".[75] The trainings led to enrichment of the Electronic Labour Migration page of the Ministry's Electronic Job Exchange. This will lead to increased opportunities for

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[72] See, Hausmann et al. (2009).
[73] See Aminu (2010), for a detailed model-based analysis of determinants of gender pay differentials.
[74] The *Nigerian Vision 20:2020* acknowledges the need to enhance woman's access to *paid* formal sector employment, since most women are engaged in informal sector activities.
[75] This is being done in collaboration with IOM.

Nigerian job seekers to travel to work legitimately in other countries and will also help to check the activities of human traffickers (FMOL&P, 2010).

The FMOL&P is currently involved in executing a joint project with the International Labour Organization to fight human trafficking, within the framework of "Enhancing the Co-operation to Fight Trafficking in Human Beings from Nigeria to Europe" which was launched on 29th June, 2010. The project would assist in building the capacities of Labour Offices to properly monitor the activities of the Private Employment Agencies (PEAs) that have been licensed to promote employment, and officers of other relevant agencies of Government, such as, Nigeria Immigration Services, Police and Customs, to check the activities of the traffickers and smugglers in persons. It has the responsibility to ensure protection of the fundamental human rights and dignity of Nigerian migrants who find themselves in irregular situations.

C. Strengthening respect for International Labour Standards

1. Increase vigilance to achieve the elimination and prevention of an increase in forms of forced labour, child labour, trafficking, and discrimination at work

The Federal Government of Nigeria has been addressing the issue of child labour and also the stemming of the magnitude of human trafficking within the nation and across national boundaries through the National Agency for the Prohibition of Trafficking in Persons (NATIP), the Federal Ministry of Women's Affair and other Agencies charged with such responsibilities. Laws have been passed criminalizing certain actions that were hitherto not seen as crimes as it concerned discrimination at work, forced labour, child labour and human trafficking.

In its determination towards ending forced labour in Nigeria, the Federal Government had at various times enacted different laws and taken other steps. Thus, in 1974, the labour law was passed which was later retained as Cap 198 Laws of the Federation of Nigeria, 1990 and thereafter further retained as Labour Act, Cap 11, laws of the Federation 2004. These prohibit all forms of forced labour. The Act reiterates the

Constitutional stipulation on the prohibition of forced labour, and. is in conformity with the ILS Convention on Forced Labour, No.29, 1930, ratified by the Federal Government of Nigeria in 1960. Official statistics are not available on the incidence and patterns of forced labour, and whether the situation was aggravated by the economic downturn during the financial crisis.

Also, the basic law of Nigeria, the Constitution of the Federal Republic of Nigeria, 1999, forbids discrimination on the ground of sex. Section 42 specifically states that a citizen of Nigeria cannot be subjected to restriction because the citizen is a member of a particular gender or race. This measure is in line with the International Labour Standard Convention on Discrimination No.111 of 1958, ratified by the Federal Government of Nigeria in 2002. Despite various legal and policy provisions to reduce gender discrimination, we have noted earlier that gender disparity exists in the labour markets, both formal and informal. According to *Global Gender Gaps Report 2009*, Nigeria appears to have slipped behind in the global rankings, suggesting deterioration in gender disparity.[76] The NBS/CBN Survey 2010 on socio-economic indicators point to several dimensions of gender disparity in the country in particular, in regard to incidents of mortality, HIV/AIDS, school enrolment, participation in public institutions etc. Since a large proportion of women are in the informal (especially services) sector (Fajana,2010), gender discrimination often goes unnoticed in the labour inspections . *Nigeria Vision 20:2020* underscores the seriousness of gender disparity, and has underlined a series of measures, regulatory and developmental, to empower women and reduce discrimination.

Nigeria has given effect to the ratified conventions through adoption and/or modification of national laws, regulations, collective agreements, policies, norms and practices. There is enforcement of the National Agency for Trafficking in Persons (NAPTIP) Act (2004) and its provisions, enforcement of the Child's Right Act (2003) and enforcement of legal instruments through Labour Inspection of the provisions against child labour, human trafficking, etc. However labour inspections, though increasing, are inadequate, and often capacity-constrained[77].

[76] C.f. Hausmann et al, (2009).

[77] See Trade Unions position paper, 2011, mimeo.; also Fajana (2011) : " There are pending observations of the ILO Committee on the Application of Conventions and Recommendations concerning Conventions No 87,(FOA), 88,98 (collective Bargaining), 105 (Forced Labour), 111 (Discrimination)", quoted in *Vanguard.* 20 Oct, 2011.

2. Measures to increase the respect for freedom of association, the right to organize, and the effective recognition of the right to collective bargaining

The Nigerian Government did not formulate new policy measures, in the specific aftermath of the global financial crisis to increase the respect for freedom of association, the right to organize, and the effective recognition of the right to collective bargaining. As witnessed in many other developing countries in the post-crisis period, jobs and labour rights have come under stress in Nigeria as well[78]. There are no official statistics on such violations, but anecdotal evidence suggests that workers in the organized sector faced enormous strains in various industrial subsectors. In the banking sector there are reports to suggest that workers were on the receiving end of bargain, when in trying to retain jobs they had accept downward adjustments of wages. ITUC reports casualization of labour in the oil industry. Fajana (2010) further reports "Some subtle or soft approaches as responses to current economic crisis includes: (i)the acceptance of delayed payments of allowances as recorded in the case of university staff whose arrears arising from 2006 monetisation of benefits have only been paid in half in 2009; (ii) agreements to cut in meal subsidies as in the aviation sector where losses of routes were recorded; and (iii) introduction of weekend working for the banks on account of the increased workload for those who were able to survive the mass sack instigated by the Central Bank's discipline of the leadership of some Nigerian banks". Thus although Nigeria has ratified all the core Conventions, and has the legal cover to safeguard freedom of association, and collective bargaining, the above appears to suggest that the enforcement of these Conventions at this critical economic times was inadequate.

Unionization of the contract/casual workers

The Federal Ministry of Labour and Productivity allows unionization of contract/casual workers to ensure their protection. The policy of unionization was meant for the permanent workers, but now being expanded to cover contract and casual workers to protect the rights of the workers and for effective collective bargaining. It is

[78] Ibid., also see Fajana (2011) .

implemented by the Federal government through the Federal Ministry of Labour and Productivity. Given various reports suggesting an increase in casualization of labour during the crisis, the importance of unionization of the contract/casual workers has been further underscored.

3. Measures that recognize the relevance of International Labour Conventions and Recommendations

Nigeria ratified the eight Fundamental Conventions and two of the four Governance Conventions. The reports submitted by the Government of Nigeria to the Committee of Experts on the Application of Conventions and Recommendations showed that the implementation of many of these Conventions in the local economy has been hampered as a result of delay in legislative enactments expected to support their enforcement. The establishment of an Industrial Court and the enhancement of the instruments for Arbitration have helped to strengthen relationship in the nation's industrial relations. Social dialogue and collective bargaining processes are encouraged in the workplace. A comprehensive list of all the Conventions ratified and denounced by Nigeria is depicted in Table 12. Although Nigeria has ratified quite a number of ILO Conventions, their implementation and reporting have been rather patchy[79]. For instance, while the country has ratified ILO Convention on Tripartite Consultation, there was much to be desired with respect to social dialogue in the private sector during the crisis.

Table 12: ILO conventions ratified by Nigeria

Member since 1960		**39 Conventions ratified (35 in force)**
C8	**Unemployment Indemnity (Shipwreck) Convention, 1920 (No. 8)**	**16.06.1961**
C11	**Right of Association (Agriculture) Convention, 1921 (No. 11)**	**16.06.1961**
C16	**Medical Examination of Young Persons (Sea) Convention, 1921 (No. 16)**	**17.10.1960**
C19	**Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)**	**17.10.1960**
C26	**Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)**	**16.06.1961**
C29	**Forced Labour Convention, 1930 (No. 29)**	**17.10.1960**
C32	**Protection against Accidents (Dockers) Convention (Revised),**	**16.06.1961**

[79] See Fajana (2011)

	1932 (No. 32)	
C45	**Underground Work (Women) Convention, 1935 (No. 45)**	**17.10.1960**
C50	**Recruiting of Indigenous Workers Convention, 1936 (No. 50)**	**17.10.1960**
C64	**Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)**	**17.10.1960**
C65	**Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)**	**17.10.1960**
C81	**Labour Inspection Convention, 1947 (No. 81)** *Excluding Part II*	**17.10.1960**
C87	**Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)**	**17.10.1960**
C88	**Employment Service Convention, 1948 (No. 88)**	**16.06.1961**
C94	**Labour Clauses (Public Contracts) Convention, 1949 (No. 94)**	**17.10.1960**
C95	**Protection of Wages Convention, 1949 (No. 95)**	**17.10.1960**
C97	**Migration for Employment Convention (Revised), 1949 (No. 97)** *Has excluded the provisions of Annexes I to III*	**17.10.1960**
C98	**Right to Organise and Collective Bargaining Convention, 1949 (No. 98)**	**17.10.1960**
C100	**Equal Remuneration Convention, 1951 (No. 100)**	**8.05.1974**
C104	**Abolition of Penal Sanctions (Indigenous Workers) Convention, 1955 (No. 104)**	**25.10.1962**
C105	**Abolition of Forced Labour Convention, 1957 (No. 105)**	**17.10.1960**
C111	**Discrimination (Employment and Occupation) Convention, 1958 (No. 111)**	**2.10.2002**
C116	**Final Articles Revision Convention, 1961 (No. 116)**	**27.06.1962**
C123	**Minimum Age (Underground Work) Convention, 1965 (No. 123)** *Minimum age specified: 16 years*	**14.05.1974**
C133	**Accommodation of Crews (Supplementary Provisions) Convention, 1970 (No. 133)**	**12.06.1973**
C134	**Prevention of Accidents (Seafarers) Convention, 1970 (No. 134)**	**12.06.1973**
C137	**Dock Work Convention, 1973 (No. 137)**	**22.03.2004**
C138	**Minimum Age Convention, 1973 (No. 138)** *Minimum age specified: 15 years*	**2.10.2002**
C144	**Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)**	**3.05.1994**
C155	**Occupational Safety and Health Convention, 1981 (No. 155)**	**3.05.1994**
C159	**Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)**	**26.08.2010**
C178	**Labour Inspection (Seafarers) Convention, 1996 (No. 178)**	**19.08.2004**
C179	**Recruitment and Placement of Seafarers Convention, 1996 (No. 179)**	**22.03.2004**
C182	**Worst Forms of Child Labour Convention, 1999 (No. 182)**	**2.10.2002**
C185	**Seafarers' Identity Documents Convention (Revised), 2003 (No. 185)**	**19.08.2004**
Denunciation (as a result of the ratification of Convention No. 138)		
C. 15	Minimum Age (Trimmers and Stokers) Convention, 1921 (No. 15) Denounced on 2.10.2002	17.10.1960
C. 58	Minimum Age (Sea) Convention (Revised), 1936 (No. 58) Denounced on 2.10.2002	16.06.1961
C. 59	Minimum Age (Industry) Convention (Revised), 1937 (No. 59) Denounced on 2.10.2002	16.06.1961
Denunciation (as a result of the ratification of Convention No. 179)		
C. 9	Placing of Seamen Convention, 1920 (No. 9) Denounced on 22.03.2004	4.03.2004

4. Measures to promote the application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, including to enterprises in the supply chain

Nigeria adopted the Abuja Declaration on Meeting the Employment Challenges of the Global Economic and Financial Crisis in Nigeria, 21st-23rd April, 2009 and reconstituted the National Labour Advisory Council (NLAC), on the 18th August, 2009 in line with ILO Convention on Tripartite Consultation, No. 144, to give stronger effect to tripartism and enhanced social dialogue, especially during the crisis. There is, however, no information available on any post-crisis measures regarding the above ILO Tripartite Declaration.

D. Social dialogue: identifying priorities, stimulating action, bargaining collectively

1. National agreement through tripartite social dialogue

At the onset of the global economic and financial crisis in Nigeria, the Nigerian Labour Congress were not deeply involved in the formulation and implementation of national crisis response measures until its impact on Nigeria's employment situation manifested itself. There were serious agitations by the civil servants for increment in the national minimum wage. The Federal Government engaged in bipartite and tripartite social dialogue to prevent a national strike which could lead to a downturn in economic activities. Social dialogue at the national level in response to agitations by workers took the form of bipartite and tripartite dialogues bringing the employers organizations and the representatives of the workers or the workers, employers' organizations and government together. Social dialogue among the workers', employers and the government was encouraged by the ratification of Conventions Nos. 87, 98 and 144. The comments of the Committee of Experts on the Application of Conventions and Recommendations provide concrete orientation on how to improve national practices in relation with trade union rights and tripartite consultation on international labour standards[80].

2. Collective bargaining agreements at all levels

Since the onset of the global financial crisis, collective bargaining – a standard-setting machinery, which constitutes an important source of regulation governing wages, salaries and other employment conditions mutually agreed between labour and management and in conformity with public policy, has been at once important, as well as under strains. It is seen as "the process of arriving at, or attempting to arrive at, a collective agreement" with aim of accommodating, reconciling and oftentimes compromising the conflicting interests of the parties especially at the public sector. A typical example of this wass the collective agreement reached between the government and organized labour on a new minimum wage of ₦18,000 in November, 2010. In fact collective bargaining has become the guiding principle of labour relations in Nigerian public sector. The same might not apply to the private sector especially during the crisis period.

The Trade Disputes Act: Cap 432 provides for trade dispute settlement procedures which includes: - the obligation to deposit collective agreements with the Minister of Labour; procedure for dispute reporting and resolution of dispute through the process of mediation, reconciliation, arbitration and adjudication by the National Industrial Court (NIC); section 14 of the Act provides for interpretation of awards of arbitration tribunals or the NIC, while section 5 provides for interpretation of collective agreements; section 17(i) prohibits lockouts and strikes where procedure for disputes has not been complied with or where the conciliatory and arbitration processes have commenced; sections 40 and 41 provide for fifteen days notice to be given by workers before ceasing work in the circumstances involving damage to persons or property; while section 42 makes provisions with respect to payment of wages during strikes and lockouts.

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[80] The remarks of the Committee of Experts on the application of ratified conventions by Nigeria are available at http://www.ilo.org/global/standards/lang--en/index.htm, the site of the International Labour Standards Department of the ILO.

3. Tripartite monitoring mechanism of policy implementation

There was no specific measure taken by the Nigerian Government with respect to tripartite monitoring mechanism in response to the global financial crisis. Tripartite monitoring of policy implementation is grossly inadequate in Nigeria as labour is often left out from such mechanisms that would have been used in monitoring such policy implementation. Recently, the Trade Union Congress (TUC) was left out of the proposed Board that governs the Federal Mortgage Bank of Nigeria (FMGBN) and this is a bank that receives the compulsory deductions from the monthly salaries of TUC membership.

4. Strengthen capacities for labour administration and labour inspection

The Inspectorate Department of FMOL&P facilitated capacity improvement of 40 Professional labour Inspectors on labour inspections and management strategies. Table 15 below shows Labour Inspection activities carried out in the 36 State Labour offices, Federal Capital Territory and 23 District Labour Offices, by the Inspectorate Department in the year ended, 2009 and the first half of 2010.

Table 13: Labour Inspection activities by the Inspectorate Department in the year ended, 2009 and the first half of 2010.

Year	Inspections Conducted	Officers Involved	Establishment Visited
2009	**34,882**	**428**	**1,000,020**
2010	**12,040**	**422**	**32,850**
Total	**46,922**	**850**	**1,032,870**

Source: FMOL&P, 2010.

The Labour and Factory Inspectors are being trained to carry out their functions of educating, training and enforcing all labour laws, especially labour inspection, with regards to the terms and conditions of employment, with a view to reducing the decent work deficits. Further training is given to the tripartite partners in the informal sector on Health and Safety at work including HIV/AIDs.

5. Have the social partners been involved in shaping and implementation of crisis response measures?

The organized labour was seen as important in the quest for policies that would put the nation on the path to recovery. At times, they were only invited when the major decisions have been taken but because of their decision to be part of the conceptualization phase of every issue, they have occasionally responded to invitations. The workers' group has refrained from accepting to participate in a monitoring of policy reforms, since, as they alleged, the reforms package was already formulated without their involvement[81].

[81] See position paper of Nigeria's Trade Union Congress (2010).

PART 3: SHAPING A FAIR AND SUSTAINABLE GLOBALIZATION

The Global Jobs Pact, which lays down the broad parameters of the Country Scan, is built on its four strategic objectives; the crisis responses in the previous Part II have been examined under these four objectives. Given the inter-related and naturally supportive nature of these objectives, the GJP calls for an integrated policy framework, not only for a recovery programme but also to build the long-term foundations of a "decent work" economy and society. The following sections are informed by these underlying themes and considerations of the GJP.

A. Policy coordination, coherence and cooperation between government ministries.

The context of policy coordination, coherence and cooperation among various ministries, as well as between Federal, State and local administrations will, in the context of GJP, assume meaning if there is a full commitment towards an integrated national jobs pact. While the financial crisis has deepened the already existing jobs crisis in the Nigerian economy, it has also reinvigorated the long-felt need to reposition the country's development strategy. The *Nigeria Vision 20: 2020*, which aims to raise the economy to the top 20 in the world, is being launched through the *First National Implementation Plan* (2010-2013) [82] In fact, the main thrust of FNIP, as stated, is "*to engender accelerated pro-poor growth, address our developmental challenges and create new frontiers for sustained economic activities and employment generation* [83]."

In planning towards what is being dubbed as *The Transformation Agenda*, the FNIP has identified the following priority areas: (i) *physical infrastructure* (major emphasis on power, energy, roads, airports upgrading, affordable housing etc.); (ii) *productive sector* (to invigorate agriculture; industrialization through dedicated industrial parks and

[82] See NPC, The First National Implementation Plan for NV 20:2020 (2010- 2013).
[83] NPC*, ibid*, p.16.

EPZs; etc.); (iii) *human capital and social development* (with added focus on education, child and youth development; women's affairs; social protection); (iv) *developing knowledge-based economy* (emphasizing, inter alia, investments in ICT, skills development; science and technology); (v) *governance, general administration and security* (strengthen law and order; service delivery; combating corruption); and (vi) *regional and geo-political zone development* (with specific focus on environment and regional development)[84].

The above priorities certainly augur a potential re-orientation of the patterns of growth. Nevertheless, employment would still continue to remain a "residual," and the jobs content of the transformation agenda would remain uncertain unless the above priorities are carefully linked to an employment strategy. Should resolving the jobs crisis be high on the agenda, as stated recently by the President [85], a national jobs pact would need to be enunciated. As informed by the GJP, this would require various considerations to be embedded within the FNIP framework, including, among others, the following:

- Given that Nigeria has had a long jobless growth (especially wage employment), and that a quarter of its labour is idle, employment generation needs to be at the centre of all economic and social policies, including macroeconomic policies. In particular, the design of the latter needs to go beyond the orthodox stabilization goals, and address the challenges of the currently- observed low growth of investment (see Figure III in Annex) and employment.
- The FNIP needs to recognise that productive, remunerative employment is a crucial means to sustainable poverty reduction- a central goal of the MDGs, and to whose attainment Nigeria is committed.
- *Nigeria Vision 20:2020* is aware that its aspiration to become one of the top 20 economies of the world would require not only high growth, but also several *corollary* developments. A critical one is the structural transformation of the economy, without which it would be difficult to sustain high growth. A widely accepted indicator of structural change is the shifting of labour to higher productivity sectors to achieve the Lewisian turning point. Currently the employment share of the modern formal sector is very low (see Figure III

[84] ibid, p. 16-17.
[85] See Section II.7 for his remarks at a Presidential Job Summit held in 2011.

in Annex). This would require a pursuit of sustained labour demand towards the goal of full employment.

- Given pervasive poverty and vulnerability, the *NV20:2020* is committed to developing a strategy for social protection, a critical element of GJP. A national social protection strategy would need to be articulated not only to help support the vulnerable groups, but also to sustain aggregate demand.
- Furthermore, *The Transformation Agenda* also calls for greater voice and accountability. This in the context of promoting GJP, would warrant enhanced social dialogue, and greater participation of the social partners.

The government has recently undertaken initiatives toward a national employment strategy. In March 2009, the Federal Ministry of Labour and Productivity convened a National Employment Summit in collaboration with the ILO. The outcome of the Summit was the NAPEC document which has been forwarded to the Federal Executive Council seeking approval for its adoption as a strategic national working document for the country, to be incorporated into the National Development Plan. The document outlines policies, programmes, and projects for employment creation in 11 key sectors of the economy in line with the *Nigerian Vision 20: 2020* (see Table I in Annex; FMOL&P, 2010). Further, the FMOL&P has presented a memorandum to seek Federal Executive Council approval for all Ministries, Departments and Agencies (MDAs) to mandatorily indicate the local employment content/implication of their projects/ programmes. This is meant to quantify employment contents of all contracts to be awarded by the MDAs in Nigeria and to track the progress of employment creation in Nigeria.

These are important steps toward the build-up to an integrated employment strategy. An employment strategy, both from the demand and supply side, involves multiple sectors, and would require a multi-sectoral approach. An articulation of a coherent design and implementation of an integrated jobs pact would thus necessarily warrant the need to establish an inter-ministerial as well as a multi-stakeholder platform. Such a platform would not only be conducive to better coordination, but also to resolve policy trade-offs and enhance policy coherence.

B. Policies that promote efficient and well-regulated trade and markets that benefit all and avoid protectionism, varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets.

The World Bank, in a recent study, has identified the existing trade policy regime as one of the factors hindering the overall business climate and job creation in the economy. [86] There are various elements that need to be considered in this regard. While the government is aggressively encouraging domestic production to capture domestic markets (and reduce import bills), the costs of domestic production in the first place, are higher due to the need for import of raw materials and machinery. A careful balancing would be required between extending "protection support to the nascent domestic enterprises and cooperatives, and the need to further liberalize the trade regime.

Nigeria demonstrated commitment to the reduction and if possible total removal of trade barriers in the West African Zone through its membership in the ECOWAS Trade Liberalization and Free Trade Area. Nigeria was also a signatory to the treaty of Lagos which established ECOWAS with the objective of promoting "cooperation and development in all fields of economic activity, particularly in industry, transport, telecommunications, energy, agriculture, natural sciences, commerce, monetary and financial issues and in social and cultural matters ..." (Ezenwe, 1984). On export, Nigeria has put in place export incentives to make local manufacturers competitive in offshore market penetration vis-à-vis their foreign counterparts. The incentives include export development fund, export expansion grant, duty draw back scheme and export credit guarantee scheme, etc. The Federal Government recently abrogated restrictions on certain imported items to encourage trade. Regional integration and trade are two instruments identified by NEEDS for maximizing the benefits of globalization. The trade policy objective under NEEDS is to lay a strong foundation for exploiting Nigeria's potentials in international trade and helping it to become the gateway to West and Central Africa.

[86] See World Bank (2010), op cit.

C. Policies, including industrial policies, that enhance economic diversification by building capacity for value added production and services to stimulate both domestic and external demand.

One of the challenges of the *Nigeria Vision 2020* of reaching the top 20 economies of the world would be the economic diversification of the economy. Despite the reasonably high growth rates over the recent past, the sectoral GDP shares have not changed much. Agriculture and services sector, largely driven by small, informal operators, continue to account for the bulk of the country's employed labour force (see Figure III in Appendix).

The share of industries in GDP is relatively low, and that of manufacturing is only 3 per cent[87] The *Vision* is targeting to increase the industry's share to nearly 35 per cent by 2020, which would indeed require massive restructuring toward modernization of the economy and higher labour productivity. Restructuring is a long-drawn process, and it is not fully clear how this may be achieved within the next decade. Moreover, structural change would also require mobility of labour from low-yielding agriculture and petty informal activities to higher productivity industrial and modern services sector. This in turn would imply higher investment in the latter sector, as well as in social and physical infrastructure. One may recall that over the past several years there has been a fall in wage employment, and labour appeared to have been shifting to agriculture (reverse mobility!)[88]

The government in its FNIP has placed a major emphasis on restructuring, particularly in enhancing the non-oil industrial sector's production and output. Specific attention is being paid to dedicated industrial parks and clusters, with increased participation of SMEs. Currently, the industrial sector employs a small share of the working population. An aggressive stance on increasing the role of SMEs would not only help diversification of the non-oil sector, but also create enormous job opportunities. If the industrial sector were to increase its share of the employed labour force (to nearly one-third), this would most likely emerge from the growth of SMEs, which is currently the "missing middle" in

[87] NPC (2010).
[88] World Bank provides a detailed perspective on this phenomenon.

the industrial landscape of Nigeria, i.e. between the capital-intensive enterprises on the one hand, and the low-productivity informal sector on the other.

The Federal Government of Nigeria, in order to induce support for industrial development objectives such as increased private sector participation in the manufacturing sector through the Public and Private sector Partnership, providing greater employment opportunities, increased export of manufactured goods and improving the technological skills and capability available in the country and considering the need to promote a dynamic, efficient, balanced and diversified economy, a package of incentives designed to promote investment, employment, product mix and various other aspects of the industry have been approved by the Government. These incentives are broadly reflected through: (i) fiscal measures on taxation and interest rates; (ii) effective protection with import tariff; (iii) export promotion of Nigerian products; (iv) foreign currency facility for international trade and; (v) development banking.

Under the FNIP, and the *Transformation Agenda*, the incentive structure and various policy measures are being reviewed in support of identified "drivers" of growth, including a major thrust on dedicated industrial clusters. Much will depend on how these measures are articulated and implemented, and the extent to which the various enterprises, especially SMEs, are able to respond.

D. National supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects savings and pensions of the people.

Several crisis resolution and pre-emptive actions have been taken by the regulatory authorities in Nigeria which include, among others, the following:

- The CBN injected a sum of N620 billion into the banks in an effort to prevent a systemic banking crisis;
- Arrangements were made to recover non-performing loans from the banks' debtors while guaranteeing all foreign credits and correspondent banking commitments

of the five major banks; the creation of Asset Management Corporation (AMCON) to absorb toxic acids;

- The Banks in collaboration with the fiscal authorities are improving the macroeconomic environment so as to achieve robust monetary and financial policies - collaborating with the Federal Government to raise N500 billion for power/infrastructure development and N200 billion has recently been provided wholly by the CBN for SMEs financing;
- Collaborating with the SEC and the NSE to reduce the cost of transactions, particularly bond issues so as to diversify funding sources away from banks as well as attract more foreign portfolio investors into the sector;
- Efforts are also being intensified towards strengthening regulatory and supervisory framework and enhancing monitoring of the operations of the DMBs to ensure that they remain safe, sound and healthy;
- Maintenance of public confidence through the enforcement of appropriate disclosures and reinvigorating the policy of zero tolerance on all unprofessional and unethical banking practice, and greater emphasis on enforcement of Code of Corporate Governance;
- Strengthening of institutional coordination through the Financial Sector Regulatory Coordinating Committee (FSRCC),
- Adoption of International Financial Reporting Standards (IFRS) by all banks in Nigeria by end-2010;

The Central Bank of Nigeria also articulated a blue print for reforming the Nigerian financial system in general and the banking sector in particular in the next ten years termed *The Project Alpha initiative of the CBN* (see section 2.1).

There have been specific attention besides the above towards establishing financial stability, and in strengthening the links between the financial and real sectors (also see Part 2, A.1). While the above steps have sought to improve investors' confidence, and eased somewhat the "supply constraints," there are still major bottlenecks on the "demand" side. For the small and medium investors, and cooperatives, the costs of borrowing are still high, and access to credit is limited by lack of necessary collaterals. Physical and social infrastructures (appropriate skills) need to be vastly improved.

E. Policies that contribute to building adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor.

As stated previously, there is at present no overall social protection scheme in Nigeria. However, given the currently unacceptable levels of poverty, unemployment and income-inequality and vulnerability, *the Transformation Agenda* and FNIP have committed to building an appropriate social protection system in the country[89].

The passing of the Social Security bill would be a first step towards the establishment of a social protection scheme in the country, and indeed a "paradigm shift" in the country's approach to support the poor, the vulnerable, the disadvantaged. However, this would need to be buttressed through the preparation of a comprehensive national social protection policy, that would spell out the specific programmes, responsibilities and resources, as well as the legal and institutional framework that needs to support its implementation. In the absence of a ratified Bill, and a national strategy, no major efforts would be feasible either to introduce new nation-wide programmes, or scale-up the existing ones. At present, some of the programmes that can form important ingredients of a comprehensive social protection schemes are as follows:

- The Nigerian Health Policy provides an adequate Health Insurance Scheme for all. *National Health Insurance Scheme* is a social security system that guarantees the provision of needed health services to persons on the payment of token contributions. The NHIS Act is the statutory authority for the scheme's benefits and sets the general rules and guidelines for the operation of the scheme. It is aimed at providing easy access to health care for all Nigerians at an affordable cost through various pre-payment systems, to ensure that every Nigerian has access to good health care services and to protect families from financial hardship;

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[89] See, FNIP; the social protection deliverables are yet to be charted out; these are part of the FNIP thrust on "Human Capital and Social Development."

- There is also the *Universal Basic Education Scheme* that guarantees free education for children of school age from primary to junior secondary school. Free Education has been advocated for children up to the age of 15 years, to enable them to complete their secondary education. The bill is in the National Assembly awaiting ratification. This scheme aims at expansion of broad-based education up to secondary level;
- There is a proposal in the National Assembly for *Universal Basic Pension Scheme* for the aged whether they have worked or not. Employee compensation scheme is still awaiting ratification in the National Assembly. There is also the Retirement Pension Policy with minimum income guarantee.

There are several other proposals and programmes that are intended to support the poor and vulnerable, which have been stated earlier (see Part II). There are no nation-wide employment/income guarantee schemes, but major programmes are due to be launched on labour-based public works programme,[90] and establishing a youth social safety network. There are several other *ad hoc* uncoordinated programmes being conducted through NAPEC, NDE, SMEDAN and COPE, and other donor-based initiatives.

F. Policies that ensure that young women and men have the appropriate education, skills and opportunities to participate in the economy

Various measures have been in existence to ensure that young men and women have the appropriate education, skills and opportunities to participate in the economy. It is important to note that these measures gained more relevance as a result of the global financial crisis. The Federal Government of Nigeria through apprenticeship/ entrepreneurial training by SMEDAN, NDE, Women Development Centres and Entrepreneurial Development Centres funded by the Central Bank of Nigeria demonstrated its commitment to the eradication of poverty in Nigeria. The various employment generation strategies as stated earlier were developed by the various

[90] WB and ILO are engaged in building up labour-based infrastructure proposals ; see ILO proposal, "Introducing and mainstreaming EIIP in government operations", mimeo (2011).

agencies with a view to ensuring that young men and women acquire the appropriate skills. Among others, these include:

- *Vocational Skills Development (VSD):* provides vocational skills acquisition training for unemployed school leavers, drop outs, and other persons who lacked productive and marketable skills;

- *Rural Employment Promotion (REP):* in particular, for the unemployed youth in agriculture;

- *Small Scale Enterprises (SSE):* the programme focuses on unemployed graduates of tertiary institutions as well as retired public and private sector workers. These target groups are exposed to Entrepreneurship Development Programme (EDP) and Start-Your-Own-Business (SYOB);

- *Special Public Works (SPW):* are currently conducted on a limited scale and is focused on unemployed persons including graduates of tertiary institutions and school leavers who are without the needed skills and work experiences. The NDE recruited and trained unemployed persons and paid monthly allowances/stipends to sustain them during the training;

- *The Entrepreneurship Development Programme* was conducted to sensitize and stimulate business initiatives of graduates of tertiary institutions to enable them identify business opportunities and subsequently combine factors of production to create self-employment.

The gender disparity, especially its high share of unemployment, would need to be addressed through specific skills development interventions. As observed, a root cause that is likely to sustain such disparity is the differential enrolment at various levels of education. The following table, for example, on secondary enrolment provides some perspectives on potential gender disparity.

Gender Disparity in Secondary Enrolment

Year	Male	Female
2006	56.4	43.6
2007	56.7	43.3
2008	50.1	49.9
2009	54.3	45.7
2010	54.2	45.8

Source: Ministry of Education Digest of Statistics, 2010

As has been noted, Nigeria faces dearth of skills, but also major skills mismatches. As Table 5 showed, there is fairly high unemployment across various levels of education, a factor that has led to a high proportion of discouraged workers, in particular among the secondary school graduates. The TVETs, which could provide additional training, are yet to generate adequate enthusiasm. On the demand side, emerging businesses complain about the lack of adequate skills and skills competitiveness. In fact a major thrust of the *Transformation Agenda* is an aggressive agenda on human capital and skills development.

G. Policies that address informal employment, in urban and rural areas, and promote the transition to formal employment in order to reduce inequalities and promote more inclusive economies

The informal sector, in the rural and urban areas, account for more than three-fifths of the employed workforce, and make significant contributions to the country's non-oil GDP growth. Yet, the entire sector is outside the purview of the legal framework that guides the rights and benefits at workplace. There are no comprehensive or dedicated policies to address pay and employment concerns, and to upgrade conditions of employment and/or productivity of the sector. Social protection for informal workers is largely absent. There are, however, some ad hoc policies and programmes to extend training , especially those being carried out through the vocational training schemes; there are eight Skills Upgrading centres that support upgrading of business and technical skills; also labour laws are currently being reviewed to cover apprenticeships. There needs to be greater attention and articulation of legal and labour policies, the SME policy, the health policy etc to support the informal economy with opportunities to move towards a relatively more "formal" status.

H. Policies that facilitate shifting to a low-carbon, environmentally friendly economy that helps accelerate jobs recovery, reduce social gaps and support development goals and realize decent work in the process

Nigeria was a signatory to the Copenhagen Accord of 18 December, 2009, which endorses the continuation of the Kyoto Protocol and underlines that climate change as one of the greatest challenges . The Federal Government of Nigeria is also committed to the full implementation of the decisions reached at both the Copenhagen and Cancun International Conferences on climate change. Other measures include increasing the efficiency of energy production and use and this must have informed the decision of the Federal Government to stop gas flaring in Nigeria. Also, there is massive aforestation and reforestation of degraded forest areas in Nigeria. More so, shelter belts have been established in some parts of the country and some areas in the country are designated as green areas.

The concern over the need to shift to a low-carbon, environment-friendly economy is part of *Nigeria Vision* 20.2020*,* and has been aptly addressed in the FNIP and the *Transformation Agenda*. In fact, the "environment dimensions" is one of the four dimensions within which all the broad objectives of the FNIP have been subsumed[91]. A full-fledged national blue-print and strategy is yet to be articulated, one that would clearly devise action programmes, and to chart the employment and income dividends of adapting to climate change and green production.

I. Policy measures, such as minimum wages, that can reduce poverty and inequity, increase demand and contribute to economic stability.

The National Minimum Wage Policy awaiting ratification in the National Assembly is meant to reduce poverty, inequity, and also ensure stability in the economy. The new Minimum Wage was an outcome of agitation and strikes by the organized. After a series

[91] See NPC, *FNIP*, p.27

of negotiation with the representatives of the workers, the Federal Government of Nigeria through the Federal Executive Council approved a new Minimum Wage of N18,000.

The increase in minimum wages is, however, a modest step toward improving incomes of the workers and employees. In particular, the increasing rates of core and food inflation have resulted in a declining real wages and salaries[92]. Such minimum wage increases do not affect the informal sector workers, and innovative measures would need to be devised for a wider application and compliance of minimum wages.

There are sporadic, ad hoc programmes, as observed earlier, that offer income/employment entitlements, but the scale is far too short of the needs of the vastly high percentage of the working poor, and the unemployed.

J. Strategies to create fiscal space to put in place systematic, well-resourced, multi-dimensional programmes to create decent work opportunities and sustainable enterprises.

The need to enhance fiscal space will have to be guided by the rationale for creating such a space, and by the need to sustain macroeconomic balances. However, while balancing the budget and the current account are important considerations of the FNIP, the need and feasibility of increasing the fiscal space will have to be seen in the context of the broader canvas of policy coherence (as stated earlier) that need to underpin the *Transformation Agenda*. For instance, while the current orthodox macroeconomic policy framework is intended to sustain stability, various analysts contend that this framework would need to incorporate several other goals (eg. employment, skills development, social protection for the vulnerable) for which stepped-up public interventions may be necessary. In the context of Nigeria, Agu and Evoh (2011) have argued that stabilization, to which the current macroeconomic policy is committed may not, by itself, be sufficient for an employment-centred growth strategy.

[92] See Trade Unions position paper, 2011, mimeo

The FNIP's macroeconomic outlook projects a fiscal gap of -1.79 to -3.38 per cent of GDP over 2010-2013. The fiscal gap is expected to be financed through issue of bonds, excess crude oil account (ECA), a draw down of external reserves and external grants and loans[93]. Nigeria has been rarely on fiscal surplus; but its budget deficit over the past decade has been relatively modest. It needs to be examined how far the economy would be able to withstand a further borrowing (external or domestic), to be able to release resources for much-needed employment and social protection measures and to attain some of the MDG goals to which the country is committed. Alternatively, fiscal space, in the unlikely scenario of an increase in ODA, would have to be enhanced through switching priorities of public expenditure. Over the past decade, stabilization and good growth have not been sufficient conditions to address the "jobs crisis" or to reduce the high poverty levels in the economy. The latter would require major policy and programme interventions to support job/income generation in the economy; this, in turn, would warrant the need for a higher fiscal space.

A Postscript

The various sections of Part I and Part II, have briefly recounted the impact of the crisis on the Nigerian economy, and some of the channels through which the impact was transmitted to the financial and real sectors. The government's policy responses that followed were in conformity with a *fairly orthodox diagnosis of the crisis-impact*, that especially focused on the adverse effects of sharply-declining crude oil revenues on the budget and external reserves; the liquidity crunch due to near-bankruptcy of several big banks; the high lending rates that were threatening investment and growth of the real ecoonomy. Growth in aggregate demand was being undermined by falling government consumption and investment expenditure, especially during 2009. A major policy focus was thus on restoring macroeconomic stability, while at the same time injecting liquidity and 'fiscal stiumulus' to arrest decline in growth of the real economy.

The Country Scan has observed that while the slowdown of GDP growth during the crisis was apparently short-lived, and while crisis responses largely rested on restoring macroeconomic balances, and easing infrastructure constraints to growth, there were hardly initiatives to assess the impact on the workforce, both in the formal and informal sectors. The responses did little to reduce unemployment (which, in fact, increased

[93] Cf.NPC, *First National Implementation Plan*, 2010-2013, op. cit.s

during the crisis), or the poverty incidence, which was officially reported to be at a high of 54 per cent during 2009-2010[94]. Further, the vulnerability of the unemployed and underemployed is reinforced by the fact that there does not exist any comprehensive social protection system that could mitigate any deterioration in their living conditions during a crisis.

The above indeed reflects the development "puzzle" in Nigeria, i.e. a secularly increasing unemployment rate, and an unacceptably high poverty incidence, in a milieu of fairly robust GDP growth. A jobs crisis was brewing in the economy much before it was hit by the economic and financial crisis. A closer examination of this phenomenon is needed, since it would imply that there exist either distortions in factor utilization, or structural constraints in the economy and/or the labour market. World Bank (2010) provides a detailed survey-based account of the LM structure, and how labour mobility has gone in reverse gear, i.e. labour shifting from wage employment to subsistence (self employed) agriculture[95].

A further dimension of the development "puzzle" lies in the fact that while crisis responses and recovery policies have been overwhelmingly centred on macroeconomic and financial stability and facilitation of credit to the private sector, investment/GDP has remained rather static[96]. Further, there is evidence to suggest that non-oil *sub-sectors* (for example agriculture, retail trade, informal economy activities), which were major contributors to Nigeria's growth, hardly received or had access to private lending. The major parts of the real economy, thus, "due to its disconnect from private credit"[97], remained largely unaffected by post-crisis policy measures . Thus policy reforms and stabilization measures appear to have had a tenuous link with those real economy *sub-sectors* as mentioned above. These measures also had little impact on industrial growth and employment. The unemployment (especially of youth) and poverty situation has reached a stage where Nigeria, would have to re-think its development strategy, that would include, among others, an aggressive set of measures to address its jobs crisis. Part III of this Country Scan, inspired by the GJP, has attempted to show some ways forward.

[94] See NPC (2010).
[95] See World Bank (2010) op cit.
[96] IMF (2011) op cit.
[97] Ibid.

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ANNEXES

Table I: Outline of Investment and Employment Generation Potentials by Sector

S/N.	SECTOR	NO. OF POTENTIAL JOBS	ESTIMATED INVESTMENT COST (PROJECTED)	TIME FRAME
1	Agriculture	130,540	13.973 Billion	2009-2010
2.	Information and Communication Technology.	1,697,400	54 Billion	2009-2010
3	Works and Housing.	13,511,460	459 Billion	2009-2015
4.	Petroleum & Solid Minerals.	1,000,000	389 Billion	2009-2010
5	Transport	246,525	411 Billion	2009-2010
6	Power & Energy	4,069,254	506 Billion	2009-2015
7	Education	3,124,208	650 Billion	2009-2015
8	Commerce &	6,054,484	466.36 Billion	2009-2012
9	Health	440,589.	589 Billion.	2009-2012
10	Informal Sector.	42,240,000	700 Billion	2009-2015
11	Tourism, Culture,	6,319.423	389 Billion.	2009-2015
12	Total	78,832,883	4.037 Trillion	2009-2015

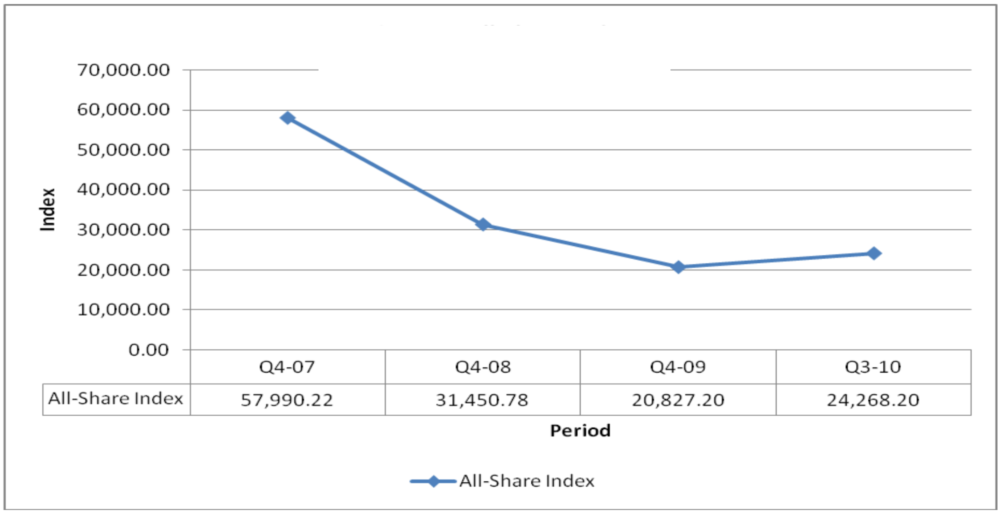
Source: Report of the National Employment Summit, 21st - 23rd April, 2009, Abuja. Nigeria.

Table II: Types of Wage Employment

Formal Employment	**Percentage of the wage labour force**
Private sector	22
Public sector	62
NGO, international organization	10

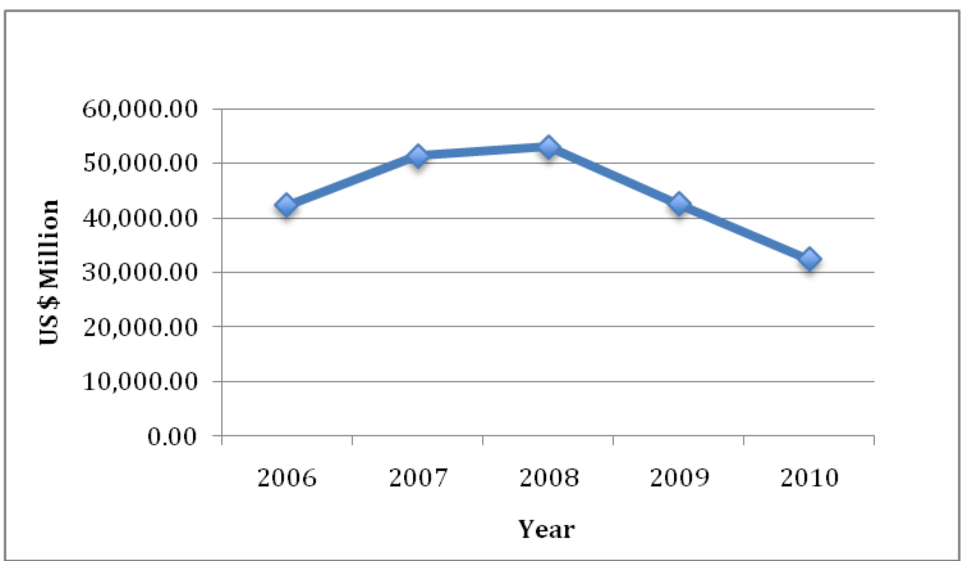
Source: Ugochukwu Agu &Chijioke J. Evoh (2011)

Figure I: All Share Index



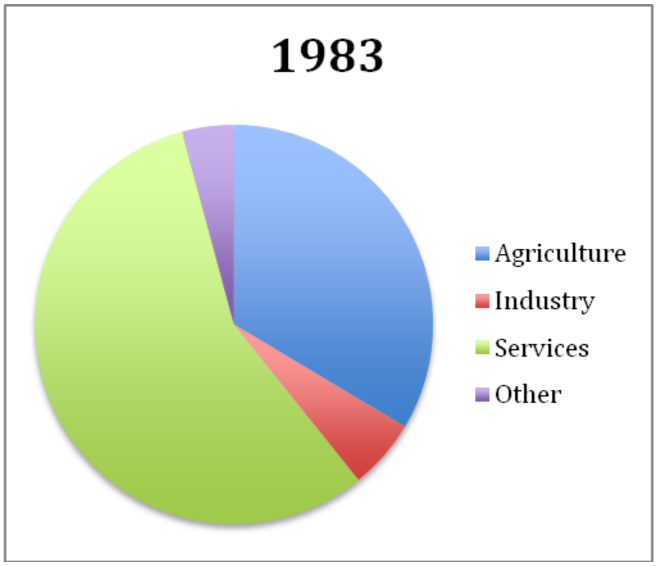
Source: Central Bank of Nigeria Economic Report for various Quarters (2007- 2010)

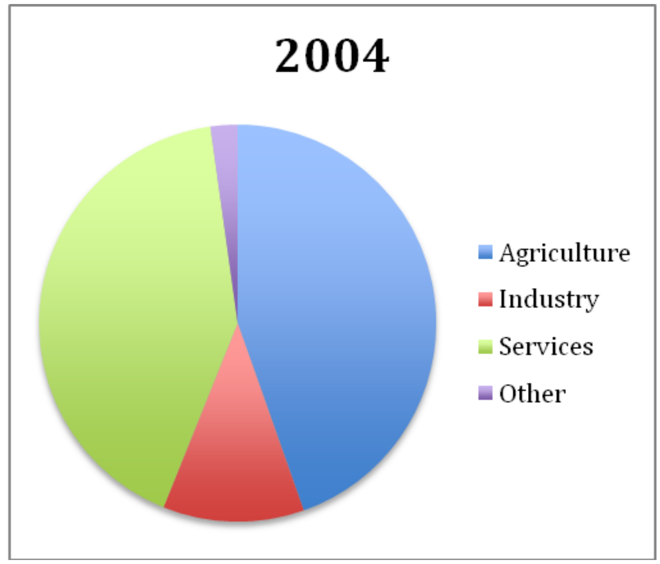
Figure II: External Reserves



Source: NBS, Nigeria (2010)

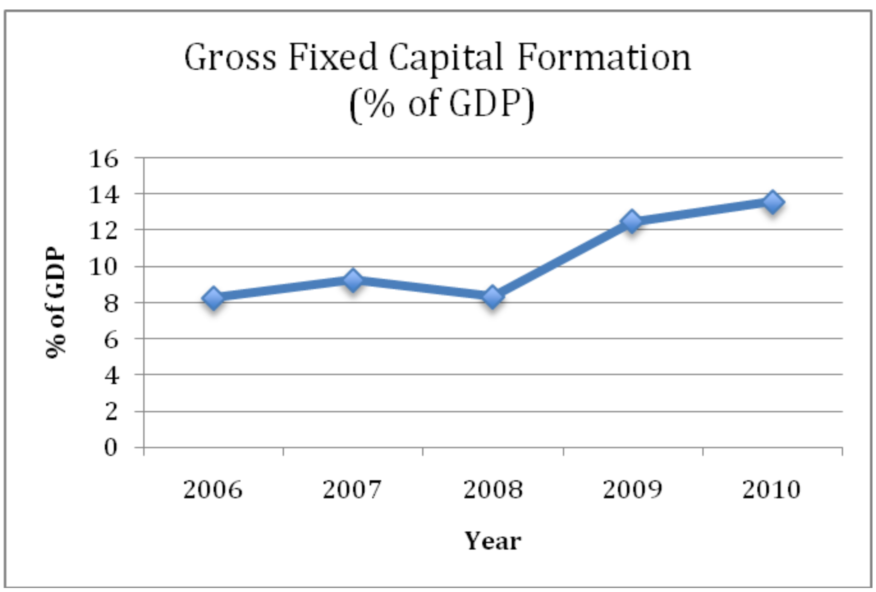
Figure III: Sectoral Employment





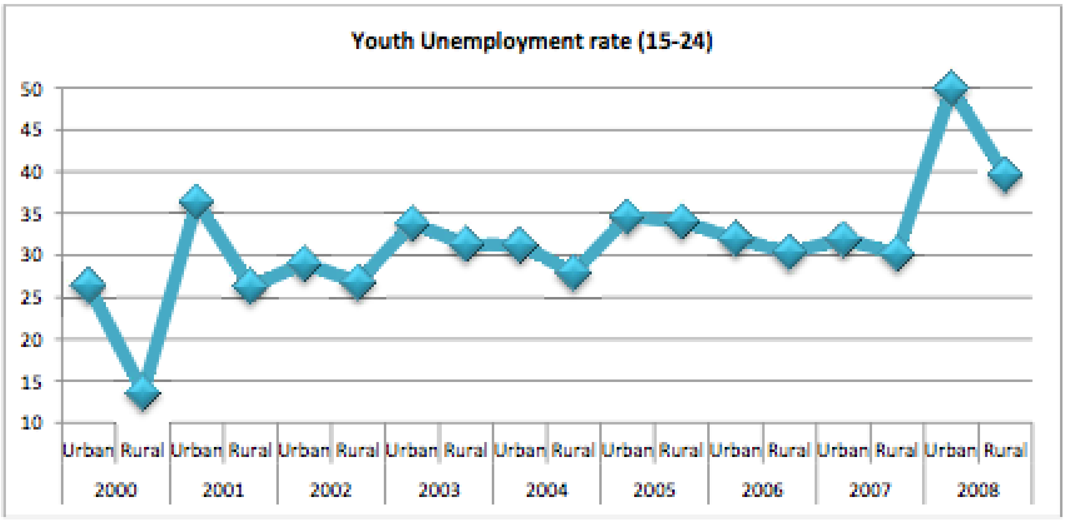
Source: ILO, KILM, based on WDI data

Figure IV: Investment



Source: NBS (2010)

Figure V: Youth Unemployment Rate in Nigeria



Source: Authors'Compilation based on data from the National Bureau of Statistics

Source: Ugochukwu Agu and Chijioke J. Evoh (2011)