REPORT OF NATIONAL STAKEHOLDERS' WORKSHOP

ON

THE REVIEW OF DEFINITION AND METHODOLOGY FOR COMPUTING UNEMPLOYMENT STATISTICS IN NIGERIA

HELD AT AYALLA HOTEL, GARKI, ABUJA

8TH –10TH SEPTEMBER, 2014

ORGANISED BY THE NATIONAL BUREAU OF STATISTICS

CONTENTS

LIST OF ACRONYNS

CBN	-	Central Bank of Nigeria
DG	-	Director General
FGN	-	Federal Government of Nigeria
FMIA	-	Federal Ministry of Internal Affairs
FML&P	-	Federal Ministry of Labour and Productivity
FMY&S	-	Federal Ministry of Youths and Sports
FOS	-	Federal Office of Statistics
GDP	-	Gross Domestic Product
ICLS	-	International Conference of Labour Statisticians
ICSE	-	International Classification of Status in Employment
ILO	-	International Labour Organization
ISCO	-	International Standard Classification of Occupation
ISIC	-	International Standard Industrial Classification
LFS	-	Labour Force Survey/Statistics
MIS	-	Management Information System
MPC	-	Monetary Policy Formulation
NACS	-	National Advisory Council on Statistics
NBS	-	National Bureau of Statistics
NCCS	-	National Consultative Committee on Statistics
NDB	-	National Data Bank
NDE	-	National Directorate of Employment
NISER	-	Nigeria Institute for Social and Economic Research
NISH	-	National Integrated Survey of Household
NLC	-	Nigeria Labour Congress
NMB	-	National Manpower Board
NPC	-	National Planning Commission
NPopC	-	National Population Commission
NProdC	-	National Productivity Centre
SMLP	-	State Ministry of Labour and Productivity
SSA	-	State Statistical Agencies
UN	-	United Nations
UNDP	-	United Nations Development Programme

1.0   INTRODUCTION

1.1   Background

National Bureau of Statistics (NBS) is the national statistical agency for the Federal Republic of Nigeria. It came into existence by the Statistics Act 2007, which merged the former National Data Bank (NDB) and the defunct Federal Office of Statistics (FoS). NBS is mandated to produce and disseminate all official statistics and is also the coordinator of the National Statistical System (NSS). The NSS is the central body for users and producers of official statistics. One of the major functions of NBS is "to promote the use of best practice and international standards in the statistical production, management and dissemination". As the coordinator of the NSS, NBS is therefore thrust with the responsibility of ensuring that all official statistics are based on international best practices and standards.

NBS produces and disseminates different types of data covering macroeconomic, financial, social, economic sectors periodically. NBS is also the official producer of labour statistics, which provides information on employment and unemployment rate, as well as other labour information in Nigeria. Job creation in recent times has been on the front burner for many governments and policy makers across the world. This is mainly in response to the high rates of unemployment, particularly among the youths caused by the global economic crisis in 2008/09. This has been no different for the government in Nigeria. The Transformation Agenda of the present administration has Job Creation as one of the three main pillars. To successfully realize this, it is very important to have accurate data on the numbers of jobs being generated and the level of employment in the country. This information is necessary to enable government track the effectiveness of its job creation initiatives and to see what particular policies and sectors of the economy are responsible for the employment being generated. More importantly, this information is relevant to assess the impact on unemployment in the country. If the economy is generating a lot of jobs but yet the unemployment rate is rising, then it is important for the government to know, so as to find ways of adjusting its policies and programs, hence the significant importance of job creation and employment statistics.

How is Employment Statistics Generated?

Employment statistics have been generated in Nigeria for over 45 years through the Labour Force Survey. The first labour force survey was conducted in 1966/67 by the National Manpower Board with technical support from the then Federal Office of Statistics (FOS), which has now become NBS of today. The Labour Force Survey is a household based survey which collects information of labour characteristics of households in the country. Indicators such as the labour force population, number of economically active population, number of employed persons and unemployment rate are derived from this survey. The unemployment rate is one indicator which stands out from all the others computed from the survey. Generally, an unemployed

person is anyone who is not working but is looking, willing and available to take up work at the earliest opportunity. Statistically, the unemployment rate is defined as the proportion of the labour force that is available and looking for work during the reference period, which is normally the last 7 days before the survey is administered. In computing the unemployment rate, several criteria must be satisfied to determine the constituents of the labour force. It is then the proportion of the labour force that is unemployed that is used to compute the rate. Under the International Labour Organisation (ILO) guidelines, anyone in the labour force who works at least an hour during that 7 days reference period is considered employed. Within the Nigerian context, any person in the labour force who did not work for up to 40 hours during reference week is considered to be unemployed. This definition used by NBS was adopted in a national workshop with several participants drawn from the National Statistical System (NSS). The use of 40 hours as a cutoff or measure has been described as outdated, both by local and international partners and inconsistent with present realities in the country. In line with NBS mandate of developing and promoting the use of statistical standards and appropriate methodologies in the statistical system, it has become necessary to review this methodology.

As with other methodologies under revision by NBS, stakeholders are invited to work with the Bureau to assess the status quo and decide on the appropriate methodology to be employed, if at all necessary. NBS has invited various members of academia, public sector agencies, development partners and other operators in the labour sector to work together to come up with an official definition within the context of international agreed parameters for labour statistics, appropriate to the Nigerian condition.

These terms of reference stipulate the expectations of the "Committee for the Review of the Definition and Methodology for Computing of Unemployment Statistics".

1.2   Objective of the Workshop

The objective of the Committee for the Review of the Definition and Methodology for Computing of Unemployment Statisticsis is to deliberate on the current definition of unemployment as applied by NBS and propose a most suitable definition for the Nigerian environment, while still satisfying international best practices.

1.3   Scope of Work

The scope of work for the Committee for the Review of the Definition and Methodology for Computing of Unemployment Statistics includes:

   i.   To determine the appropriateness or otherwise of the current NBS unemployment definition and proffer a suitable definition for Nigeria within internationally agreed parameters.
   ii.   Prepare and submit a report on the findings and recommendations of the Committee to NBS for ratification by the National Consultative Committee on Statistics (NCCS).

iii.   Participate in a press conference in Abuja to launch the revised labour force data after ratification by the NCCS.

1.4   Participation

The workshop was for all major stakeholders in labour force statistics in Nigeria. In attendance were representatives from, among others; Federal Government Ministries, Departments and Agencies, the academic community, organised private sector, civil society groups, mass media and organised labour. The list of participants is as shown in Appendix 7.1.

1.5   OPENING STATEMENTS

1.5.1 WELCOME ADDRESS BY B. O. AMOBI, THE DIRECTOR, DEMOGRAPHY AND SOCIAL STATISTICS DEPARTMENT, NBS

The Statistician General of the Federation
The Resident Representative of ILO
Heads and representatives of Ministries, Departments and Agencies (MDAs),
The Development Partners
Distinguished Participants
Good morning, Ladies and Gentlemen.

As we all are aware, the importance of good quality Statistics for policy formulation cannot be over emphasized. The National Bureau of Statistics (NBS) is charged with the responsibility of coordination of statistics production which also entails collaboration with all stakeholders in achieving adequate statistics for informed policy formulation.

Part of the procedure for achieving this feat is constant reviewing of concepts, definitions and methodologies for data production. These reviews are meant among numerous benefits to inform stakeholders on the basis of the indicators that are generated from such exercises.

National Bureau of Statistics has been compiling unemployment and labour Force statistics for a long time. And most particularly NBS was charged with the responsibility of conducting Employment Generation Survey on quarterly basis since 2012. As we are all aware, there are various definitions of unemployment according to what is obtainable in a country. Where as International Labour Organisation has its definition of employment which might not be realistic in other countries, effort is therefore required to adopt more universal definitions of unemployment. Hence, the need for this workshop. And for all stakeholders to speak with one voice, it is very important that we agree on common definitions and terminologies. This will not only put us on one page but also enforce acceptability and ownership by all.

I therefore wish to welcome all of you on behalf of the Statistician General of the Federation to this very important meeting. We are pleased that you all found time to be here.

I assure you all that at the end of the discussion, the country will be better for it.

Once again I say welcome and God bless you all**.**

1.5.2 GOODWILL MESSAGE BY MS. SINA CHUMA-MKANDAWIRE, DIRECTOR ILO COUNTRY   OFFICE FOR NIGERIA, GHANA, LIBERIA, SIERRA LEONE AND THE GAMBIA; AND LIAISON   OFFICE FOR ECOWAS

It is my pleasure, to deliver a goodwill message on behalf of the International Labour Organisation (ILO) and on my own behalf at this workshop on the Review of Definition and Methodology for Computing Unemployment Statistics in Nigeria starting today, 8th September 2014.

The meeting of the Committee for the Review of the Definition and Methodology for Computing of Unemployment Statistics whose object is to deliberate on the current definition of unemployment as applied by NBS and propose a most suitable definition for the Nigerian environment, while still satisfying international best practices is coming at the most appropriate time and therefore for us in the ILO, it is a welcome development. Quality statistics are increasingly needed as the basis for sound policy advice and support to countries at a time when the economy is changing fast.

The international standards for labour force statistics currently in use by many countries are contained in the Resolution of Statistics of the economically active population, employment, unemployment and underemployment and related guidelines, which had been in place since 1982 when the Resolution was adopted by the 13th ICLS, and were therefore seen as not adequately capturing anymore employment measures in the current economic contexts.

In order to address these shortfalls, the 19th International Conference of Labour Statisticians (ICLS) which was held in October 2013 in Geneva, came out with new Resolution concerning statistics of work, employment, unemployment and labour underutilization that revised the existing international standards used by countries to produce their statistics on employment and unemployment.

Major changes in the new resolution include a conceptual framework to promote coherent measurement of all paid and unpaid work, a more refined measure of employment as work performed for pay or profit, separate concepts, definitions and indicators of participation in other forms of work, in particular own-use production work, unpaid trainee work and volunteer work, as well as broader measures of labour underutilization that complement the unemployment rate.

The Resolution is also meant to contribute to strengthening the knowledge base of the world of work in order to provide policy makers with better labour market information, reflecting the current broadened labour market realities.

As the Review Committee deliberates in the next 3 days on the concepts and methodology, I hope that the new Resolution of the ICLS would guide the Review Committee in adopting concepts and methodology that promote international comparability of data.

Your decisions will help shape the statistics that are needed to better understand how different forms of paid and of unpaid work contribute to livelihoods and to well-being, and to inform the design of policies that promote job-led growth and more inclusive development. All of this is an important step to move from macroeconomic models of development towards socioeconomic models that take fully into account their real impacts on people and their households. ILO would be interested in the outcome of the review meeting as achieving accuracy in capturing the different dimensions of the complex world of work is one of our most important challenges.

Furthermore, I would like to encourage the Ministry of Labour and Productivity and National Bureau of Statistics to start a process of dialogue, to share administrative data and recent survey results to build a strong statistical foundation for the review of the National Employment Policy, since sound policy can only be achieved on the basis of solid empirical evidence.

Finally, I wish to reiterate the commitment of the ILO in supporting the Government of Nigeria, our social partners and other relevant partners in conducting the Labour Force Survey that will meet the international standards. I wish you all fruitful deliberations.

Thank you for your attention!

1.5.3 GOODWILL MESSAGE BY PRESIDENT, NATIONAL STATISTICAL ASSOCIATION

After observing all due protocol, Dr. M. M. Tumala, the President of National Statistical Association gave a goodwill message.

1.5.4 KEYNOTE ADDRESS AND INAUGURATION OF COMMITTEE BY DR.YEMI KALE, THE STATISTICIAN GENERAL OF THE FEDERATION

Introduction

Distinguished ladies and gentlemen, on behalf of the management and staff of the National Bureau of Statistics, it is a great pleasure to be here today to welcome you to what is undeniably a very important part of our quest as a Nation for inclusive growth and social and economic development. Today we will be setting up a committee on unemployment methodology

Distinguished ladies and gentlemen, one of the major challenges facing most countries in the world, including Nigeria is creating sufficient jobs especially for our growing youth population. Whenever I come across issues relating to youths and unemployment, all other distractions are put on hold. I feel it is our collective duty to take the challenges we face and turn them into opportunities. What else could be greater than that? Being employed not only drives the industrial force of a nation, it also helps individuals gain a sense of pride and duty in their collective effort to contribute to the growth of their nation. On the other hand, it is widely accepted that unemployed youth are readily available for anti-social criminal activities that undermine the stability of a society. To resolve our unemployment challenges, however, we have to get our statistics right. As our country returns to strategic planning, monitoring and evaluation and accordingly, the use of evidenced-based policy as a means of transforming the social and economic well-being of our country, the strategic importance and the role of NBS cannot be overstated. Moreover, the significance of statistical information for making evidenced-based decisions that guide the implementation of new policy, monitoring of existing policy and evaluation for the effectiveness of policy decisions cannot be overemphasised. Statistics are a vital source of evidence as they provide us with clear, objective, numerical data on all aspects of our lives and the state of our country, including the growth and characteristics of our population, economic performance, levels of health and wellbeing and the condition of our surrounding environment. Without these, we cannot make well-informed decisions that will catalyse our social and economic development and transform the future of generations of Nigerians. By providing high quality, objective and responsive national statistical service, the NBS plays an important role in our country's growth, development and transformation process by providing data to assist and encourage informed decision making, as well as research and discussions between government and all sections of our society. When we are able to collate, understand and interpret data correctly, as well as develop our ability to identify key areas in our society or our economy that require change, our policy prescriptions and direction are more likely to respond to the real needs of the Nigerian community.

It is in this regard that NBS in the last few years has embarked on a wide array of statistical

reforms including ensuring that methodologies are up to date and in line with international best practices. What we are doing today is merely part of this comprehensive reform and review of our statistical processes and methodologies.

Ladies and gentlemen, how can we expect our policy makers to resolve our unemployment challenges if we don't know how many are unemployed and how many are looking for jobs periodically and how many jobs are being created regularly in what sectors and for who or what their gender, academic and professional skills are?

In Nigeria, between 1.2 million to 2.2 million people enter the labour force every year, an average of 1.6 million and it is important that we generate sufficient full time employment for them. At this juncture, let me clarify as the apex statistical body in the country some misconceptions about the labor force and unemployment in Nigeria. The labour force is only those within the age group 15-65 willing and able to work and unemployment is the proportion or number of people in that labor force that cannot find work and not of the entire population like is often quoted in the public domain. This means that if you are a student or voluntary housewife or choose not to work or cannot work or are younger than 15 or older than 65 you are not in the labor force and consequently you cannot be considered unemployed. This distinction is very important because I often read articles that multiply unemployment rate, depending on the writer's opinion by the entire population to compute total unemployed population in Nigeria. For clarity, the economically active population, i.e. Nigerians between 15 and 65 was estimated at 97.49million in 2013 and only 65.7 million of them are willing and able to work and hence constitute the labor force. Accordingly, Nigeria's unemployment rate will be the proportion of these 65.7 million and not of the entire population estimated at over 172 million. This brings us to the subject and objective of today's inauguration. That is, how to determine unemployment in the Nigerian labor force.

The International Labour Organisation (ILO) defines unemployment as persons in the labour force who are: out of work, want a job, have actively sought work in the reference week and are available to start work in the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight. In other words, once you have been employed for at least an hour in a week you will be classified as employed under ILO's definition. Using this definition strictly, the unemployment rate in Nigeria for 2011 will be 2.2%. This isn't surprising given that most Nigerians are entrepreneurial by nature and will almost definitely be engaged in some activity for an hour a week even if that activity is not sufficient to keep them engaged. In cognizance to this, NBS modified the ILO definition by adjusting the requirement for at least one hour of work a week to at least 40 hours a week. Using NBS's adjusted definition of unemployment, Nigeria's unemployment stood at 23.9% in 2011. You can see the marked difference between the use of strict ILO methodology and NBS adjusted methodology which is what has been used since 2010 by NBS. Unfortunately, NBS definition also presents challenges.

If you work for 39 hours a week, you will be classified as unemployed which you will agree with me is also inadequate. By this definition every person in France will be unemployed, as full time employment in France is 35 hours a week. Some have suggested we use the ILO definition for unemployment, which is used in virtually every other country in the world, and for the purpose of international comparisons. On the other hand the difference between 1 and 39 is classified as underemployment and above 40 hours as full employment. While NBS has the legal powers by the Statistics Act 2007 to unilaterally determine appropriate statistical methodologies for the country, the decision to amend our national definition of unemployment, however, given how important a challenge it is to our country is not something we take lightly at the NBS. It is for this reason, we have called together men and women who have distinguished themselves in socio-economic and statistical analysis to be members of the "Review of Unemployment Statistics Committee" and to advise us on appropriate definitions and methodologies. Over the next few days, they will be working together and hopefully reach an amicable decision on how to move forward. At this juncture I would like to express my profound gratitude to the entire committee for taking the time out of their busy schedules to support the work we are doing here. I would like to give a special thanks to our chairperson of the Committee, Professor Sarah Anyanwu. Professor Anyanwu comes with a vast amount of experience in the macro-economics and social sectors. She participated in the study on 'Meeting the Employment Creation Challenges and Opportunities in Nigeria', the 'Presentation of Findings at the High Level Experts Meeting of the National Employment Summit' and in the preparation of a 'National Employment Action Plan for Nigeria (2009)' co-organized by the Federal Ministry of Labour and Productivity and International Labour Organization (ILO). She also participated in the preparation of the National Action Plan for Youth Employment in Nigeria organized by Federal Ministry of Youth Development. I think it's safe to say that the Committee is in very safe hands.

I would like to recognize all the representatives of various agencies who are making up the Committee. Representatives from selected government agencies and parastatals including:

- Central Bank of Nigeria;
- National Planning Commission
- National Directorate of Employment
- National Population Commission
- Federal Ministry of Agriculture
- Federal Ministry of Labour & Productivity
- Federal Ministry of Finance
- Office of the Chief Economic Adviser to the President
- Special Assistant to Mr President on Job Creation
- Nigeria Institute of Socio-Economic Research

Representatives from academia:
- University of Ibadan
- University of Lagos
- Ahmadu Bello University
- University of Abuja

Various non-governmental agencies
- Spaces for Change
- Nigeria Union of Journalist
- Nigeria Labour Congress
- National Youth Council
- Trade Union Congress of Nigeria
- Manufacturers' Association of Nigeria
- Nigeria Economic Society
- National Statistical Association

Development Partners:
- International Labour Organization,
- World Bank,
- UNDP

Representatives from media houses:
- Malaki Agbo Citizen Online Newspaper
- National Mirror
- Premium Times

Representative from research establishments and prominent personalities in the field of statistical research:
- Romis Consultants Limited
- COMSA Research and Survey Services Ltd
- Mr. Jacob Olayiwola
- Dr George Adewoye
- Dr Christopher Okafor
- Rev J.B. Coker
- Dr Uche M. Ozughalu
- Mr. Ofili Emeka.

The objective of the Committee is to deliberate on the current definition of unemployment as applied by NBS and propose a most suitable definition for the Nigerian environment, while still satisfying international best practices.

The scope of work over the next few days includes determining the appropriateness or otherwise, of the current NBS unemployment definition and proffer a suitable definition for Nigeria within internationally agreed parameters and to prepare and submit a report on the findings and recommendations of the Committee to NBS for ratification.

Job Creation Results Q1 and Q2 2014

Before I round up, I have for release the latest job creation numbers across the country covering formal and informal establishments and public institutions. As I'm sure most of you are aware, NBS started conducting Quarterly Job Creation Surveys in 3rd quarter of 2012. We have since released job creation numbers for up to 4th quarter 2013. We recently completed the Job Creation Survey covering quarters 1 and 2 for 2014 and the results are as follows:

In the *1st Quarter of 2014* the formal sector recorded 76,018 new jobs; informal recorded 158,894 new jobs, while the public sector recorded 5,959 new jobs. The total new jobs for quarter 1 of 2014 was therefore 240,871. This is a decrease by 10.3% from the previous quarter, which recorded 265,702 jobs and lower than the 431,021 jobs created in the corresponding quarter in 2013. The jobs created in the formal sector in q1 2014 was also lower than the number of jobs created in the previous quarter at 101,597 and the corresponding quarter in 2013 at 174,326. The education (private) sector dominated the formal sector with the most number of jobs, taking up 31% (or 23,643 jobs) of the total share, followed by manufacturing with 14.6% (11,088 jobs). Electricity, Gas Steam and Air Conditioning Supply sector (12 jobs) and Water Supply, Sewage, Waste Management and Remediation sector(12 jobs) created the least jobs in the first quarter 2014. The informal sector which constitutes most of the jobs created in agriculture and micro, small, medium scale enterprises went up 9.8% relative to the preceding quarter which was 143,278 but lower than the 232,272 jobs created in the corresponding period in 2013.

In the *2^{nt} Quarter of 2014* the formal sector recorded 78,755 new jobs; informal recorded 175,786, while the public sector recorded 4,812. The total new jobs for quarter 2 of 2014 was 259,353. This is an increase by 7.1% from the preceding quarter (240,871 new jobs) and also represents an increase relative to the corresponding quarter in 2013 when a total of 221,054 jobs were created. The formal jobs created in q2 2014 was however lower than the 80,412 jobs created in the corresponding quarter in 2013 but higher than the 76,018 jobs created in the preceding quarter of q1 2014. .Once again the education and manufacturing sectors dominated the formal sector with the most number of jobs, taking up 36.9% (29,060) and 14.14%(11,138) respectively of the total jobs created in the formal sector. Telecommunications and Information Services sector (12 jobs) and Accommodation and Food Services sector(57 jobs) had the least job share of the total for q2 2014,

with each taking on less than 0.2% of the share. The informal sector went up by 9.6% compared to the previous quarter when 158,894 new jobs were created and was also higher than the corresponding quarter in 2013 when 112,567 jobs were created in the informal sector.

I would like to thank all establishment heads and staff who have been very cooperative with NBS fieldworkers. Your support and timeliness in filling out the questionnaires and returning to us has made a big difference in how our work is completed and how NBS is able to support the work of policy makers and researchers. However, we still need more establishments to be part of the success story by adequately filling out the questionnaires we provide and presenting them to our fieldworkers on time when they return for pick up. It increases the accuracy of the information we provide to the public and makes for better planning. I especially implore public sector agencies to be assiduous to the data requirements of NBS and support us in building a more effective and efficient public sector.

Finally, I am quite delighted and optimistic that the outcome of this 3-day workshop will culminate in a more than satisfactory definition of unemployment in Nigeria, one, which will satisfy internationally agreed parameters, and is of course appropriate to the Nigerian condition. I must emphasize here that while it is our duty to ensure that we follow international best practices, it is more important for us to assess information within the context of Nigeria. Nigeria is a unique country with unique peculiarities and we must take that into consideration as we deliberate over the next few days. Ultimately, the outcome of the work done here is expected to provide a platform for adequate measurement and reporting on official labour force statistics in the country. I wish you all successful deliberations over the next few days. Thank you for listening.

NEW EMPLOYEES FOR ALL SECTORS, 2012 QUARTER 3 - 2014 QUARTER 2

	2012		2013				2014	
	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**
FORMAL	164,293	152,018	174,326	80,412	76,385	101,597	**76,018**	**78,755**
INFORMAL	240,359	208,920	232,327	112,567	140,673	143,278	**158,894**	**175,786**
PUBLIC INSTITUTION	22,644	24,975	24,368	28,075	28,931	20,827	**5,959**	**4,812**
TOTAL	427,296	385,913	431,021	221,054	245,989	265,702	**240,871**	**259,353**

Source: NBS

1.5.5 REMARKS BY PROF. SARAH O. ANYANWU, THE CHAIRMAN OF THE COMMITTEE

The Statistician-General of the Federation
The Resident Representative of ILO
Heads, Directors and representatives of Ministries, Departments and Agencies (MDAs),
The Development Partners
Members of the Committee for the Review of the Definition of Unemployment
Organized Private Sector and Civil Society Organizations
The Staff of NBS
Members of the Press
Distinguished Ladies and Gentlemen

I sincerely appreciate the Statistician-General of the Federation and the entire Management of the National Bureau of Statistics for organizing this workshop on the Review of Definition and Methodology for Computing Unemployment Statistics in Nigeria and for inviting me to chair the Committee on the review, I remain grateful. At a time like this, where there are different public opinions of the definition and methodology of computing unemployment in Nigeria, this workshop is very timely.

I understand that one of the major functions of NBS is to provide the nation with current labour force statistics and to promote the use of best practices and international standards in the statistical production, management and dissemination. As the Coordinator of the National Statistical System (NSS), the NBS is thrust with the responsibility of ensuring that all official statistics are based on international best practices and standards. I want to say that I am highly impressed about the NBS survey instruments, sample design as well as the effectiveness of NBS data processing and analysis techniques, quality control and statistical delivery.

I am also aware that the Review Committee is made up of qualified experts comprising of the members of academia, public sector agencies, development partners and other operators in the labour sector to work together to determine the appropriateness or otherwise of the current NBS unemployment definition and proffer a suitable definition for Nigeria within internationally agreed parameters. I want to assure the Statistician General of the Federation that the Committee shall do just that.

The problem of unemployment is a global phenomenon and not peculiar to Nigeria. The important thing is how to curb unemployment through planning with appropriate data. Nigeria cannot continue to plan without appropriate data. The consequences of high unemployment especially the youth unemployment are numerous in Nigeria. These include: insecurity, armed robbery and kidnapping, breakage of the pipelines, prostitution and other social vices. Therefore, this workshop is timely. This has become imperative for the formulation of employment policies,

quality data for economic planning and development in Nigeria, for international comparative analysis and for the achievement of Mr. President Transformation Agenda of poverty reduction, wealth creation and employment generation. The fact that the high level of our GDP might not have translated into commensurate growth in employment could be a function of our definition and methodology of computing unemployment as well as the existence of underemployment and the working poor.

On behalf of all the Review Committee members, I promise we would do our best to review the definition and methodology for computing unemployment statistics in Nigeria. We hope to make recommendations that will properly reflect the unemployment statistics in Nigeria in line with internationally agreed standards.

Finally, I want to thank the Statistician General for organising this important workshop.

I Thank You All for Your Attention and God Bless.

1.5.6 VOTE OF THANKS BY I. A. OLAREWAJU, HEAD OF DEPARTMENT, REAL SECTOR &HOUSEHOLD STATISTICS, NBS.

The vote of thanks was given by Mr. I. A. Olarewaju, Head of Department, Real Sector and Household Statistics, NBS.

2.0   **BUSINESS SESSION I**

2.1   **MEASURING UNEMPLOYMENT FOR MONETARY POLICY FORMULATION: TOWARDS A FRAMEWORK FOR NIGERIA BY MR. MIKE MBAH, REPRESENTATIVE OF THE CBN**

Introduction

The Central Bank of Nigeria (CBN) in pursuit of its mandate, plans to incorporate the unemployment rate as a target variable in its monetary policy formulation. Thus, the need to review the status of unemployment statistics in Nigeria as compiled through the Labour Force Survey:

- ❖ Methodological framework (concepts & definitions)
- ❖ Frequency
- ❖ Reliability
- ❖ Suitability/availability for use by MPC.

To develop this framework, the Bank commissioned a research team. This presentation is an output of the research exercise. The objective of the research was to develop a robust and suitable framework for measuring unemployment rate for monetary policy formulation that would be timely and reliable in satisfying the needs of other key stakeholders.

The research team in developing this framework considered the following:

- Theoretical concept - monetary policy and unemployment
- International standards
- Concepts and definitions of unemployment
- Methodological coverage
- Review the existing framework in Nigeria
- Review country experiences in measuring unemployment through labour force surveys
- Frequency and timing of the survey
- Develop a framework that is consistent with MPC expectations/requirements.

Globalization of the labour market has increased the demand for internationally comparable occupational data for both statistical and administrative purposes. ISCO-08 aims to satisfy this demand by providing:

- ✓ Contemporary and relevant basis for the international reporting, comparison and exchange of statistical and administrative information about occupations;
- ✓ A useful model for the development of national and regional classifications of occupations; and

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✓ A system that can be used directly in countries that have not developed their own national classifications.

The Framework for Labour Statistics in Nigeria

The need to develop a framework for the compilation of unemployment statistics in Nigeria resulted from the increased attention by government to eradicate poverty in the country. Various organs of government including the Central Bank of Nigeria have indicated strong commitment towards this agenda. However, a major impediment to actualizing this policy thrust is the lack of timely and comprehensive unemployment statistics that would satisfy all stakeholders. This section therefore, seeks to develop a robust framework, using available country experiences, for the compilation of unemployment statistics that would be timely, suitable and reliable for policy making.

In this regard a framework is defined as a set of organising principles which support the compilation and presentation of a set of statistics. Such principles relate to:

✓ the concepts and definitions underpinning the statistics;
✓ the sources and methodologies used to derive them;
✓ the structure and tables used for presenting them; and
✓ links with other areas of statistics.

Based on the foregoing, we propose a coherent framework that would be used to ensure that the unemployment statistics are produced in timely and frequent manner such that it could form an input into the CBN monetary policy framework.

	Current Status	**CBN Recommendations**
Framework	The framework is a set of organising principles that support the compilation and presentation of unemployment statistics. It is comprised of the following components:	
Users	• Office of the Chief Economic Adviser to the President • Federal Ministry of Labour and Productivity • National Directorate of Employment • National Planning Commission • Federal Ministry of Finance • Office of the Special Assistant to the President on Job Creation • Central Bank of Nigeria • Multi-lateral agencies • Organized private sector	• Office of the Chief Economic Adviser to the President • Federal Ministry of Labour and Productivity • National Directorate of Employment • National Planning Commission • Federal Ministry of Finance • Office of the Special Assistant to the President on Job Creation • Central Bank of Nigeria • Multi-lateral agencies • Organized private sector

	• Academia	• Academia
Data type needs		Users need different types of data. These are mainly split into the needs for long- and short-term data. Some needs may be unmet by the current set of unemployment statistics. Needs should be identified through consultation during this workshop. Needs to be represented in a conceptual framework for unemployment statistics in Nigeria (Develop Flow Diagram)
Data quality need	NBS Data Quality Assurance	There are a number of needs in terms of data quality: ✓ Robustness ✓ Timeliness Data quality needs depend on the data type. • Timing of labour force surveys (last week of every quarter) to satisfy user needs • Data analysis and release of results should be maximum of 21 days after conduct of survey
Concepts	**Current definition** The unemployed is defined as the proportion of the labour force who were looking for work and were available for work but did not work in the week preceding the survey period, as well as those who worked less than 40 hours in a week	**Proposed definition** The unemployed comprises those persons available in the labour force (aged 15 – 65) who are capable to work, and who are actively seeking for work except for temporary illness, but who are not employed during the reference week *Note* *The working hours per week should not be emphasized as this would not be applicable to the informal sector and other entrepreneurs*
Data Sources	Household surveys	Household surveys
Data Dissemination	Electronic and Print	Electronic and Print

Figure 1: The Proposed Framework for Labour Statistics in Nigeria
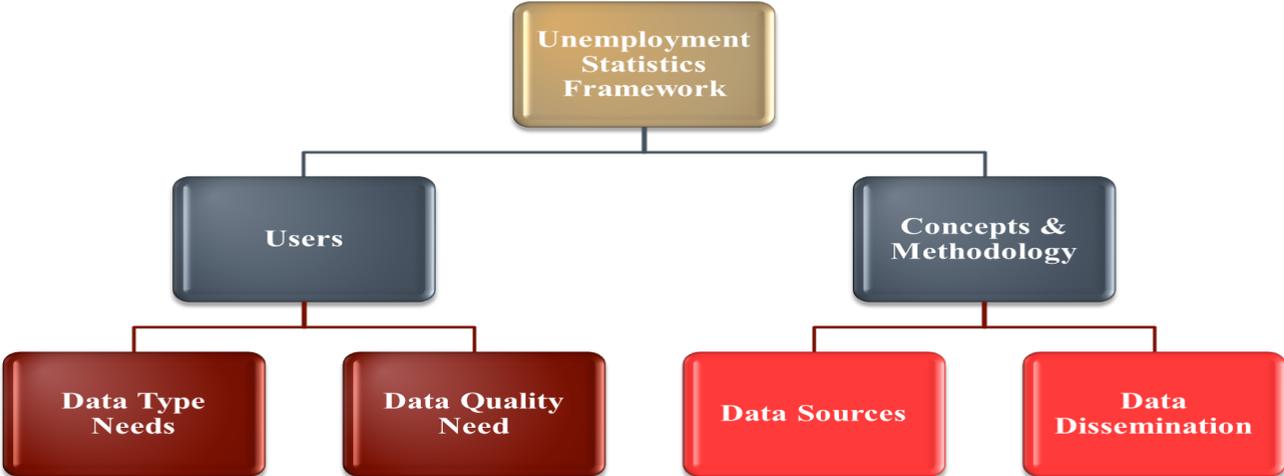
Figure 2: The Proposed Framework for Labour Statistics in Nigeria
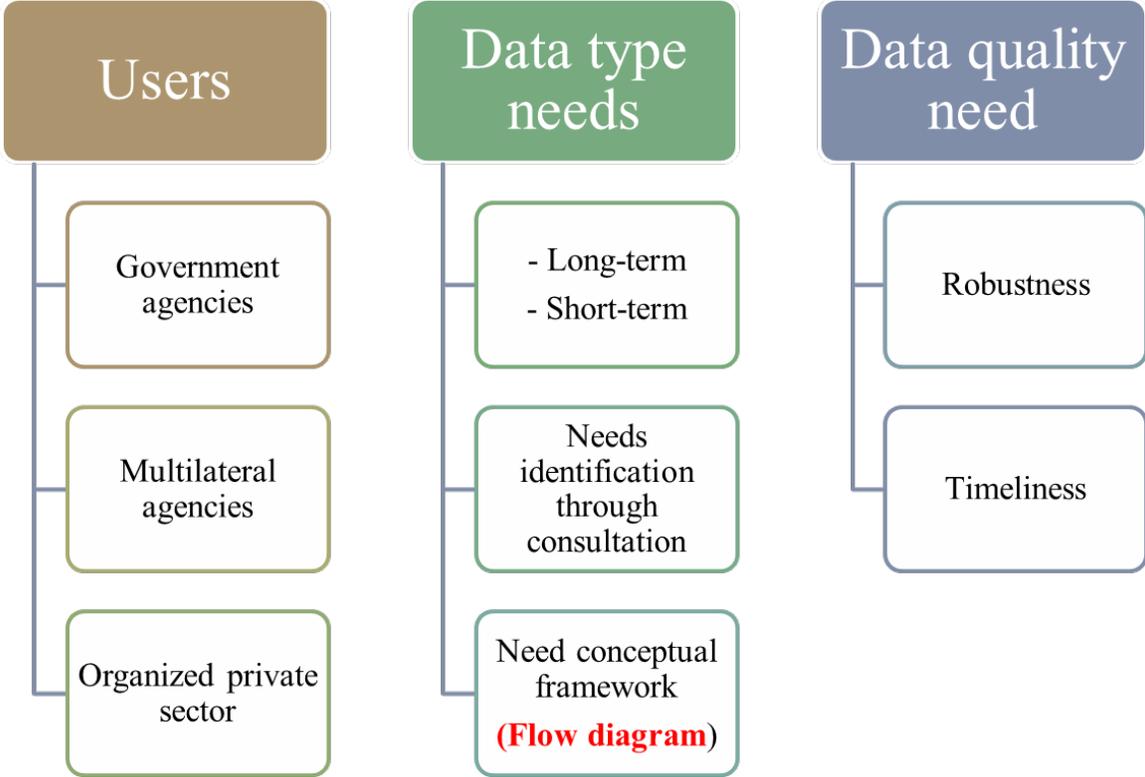
The current definition of unemployed is the proportion of the labour force who were looking for work and were available for work but did not work in the week preceding the survey period, as well as those who worked less than 40 hours in a week. However, to actualize the CBN requirement for monetary policy formulation, we propose the following recommendations on unemployment statistics:

Definition of the unemployed should comprises those persons available in the labour force (aged 15 – 65) who are capable to work, and who are actively seeking for work except for temporary illness, but who are not employed during the reference week. The frequency of survey should be quarterly (regularly), preferably last week of every quarter and data analysis and release of results should be maximum of 21 days after the conduct of survey. Finally, job creation should be separated from labour force.

Lead Discussant: Mr. B. T. Bello, ROMIS Consults Ltd

3.0   **BUSINESS SESSION II**

3.1   **DEFINITION, CONCEPTS AND METHODOLOGY OF COMPUTING LABOUR FORCE STATISTICS IN NIGERIA BY MR. I. A. OLAREWAJU, HEAD OF DEPARTMENT, REAL SECTOR & HOUSEHOLD STATISTICS, NBS.**

1. Historical Background on Labour Force Statistics in Nigeria

Production of Employment Statistics in Nigeria started more than five decades ago. Government agencies involved in the collection of employment statistics included the Federal Office of Statistics (FOS) and the National Manpower Board (NMB), Min of Employment, Labour and Productivity and National Directorate of Employment (NDE). The first two agencies were mostly involved, particularly in respect of labour force surveys (LFS). In fact, the FOS has always serviced the Statistics Unit of the NMP since its creation until the civil service reform (decree 23) of 1988.

Labour statistics production in Nigeria actually started with a series of labour force surveys conducted by the two agencies in 1966, 1976 and 1981. However, with the inception of National Integrated Survey of Households (NISH), which is the Nigerian version of a world-wide programme for assisting developing countries in National Household Survey Capability Programme (NHSCP), FOS started to conduct LFS alone. The survey was then implemented annually in 1983 and 1984. Consequent on the needs of the users, however, FOS ran the labour force as biannual surveys in 1985; quarterly surveys from 1986 to 1993. Between 1994 and 1998 attempts were made to run the survey on monthly basis; data were being collected on monthly basis but due to fund constraints, data were produced quarterly as well. And from year 2000 to 2011, the unemployment statistics were produced annually. Recently, however, in the effort to produce quarterly statistics on job creation under the Transformation Agenda of Mr. President, LFS is being implemented on quarterly basis.

PRE-LFS

Prior to the conduct of labour force surveys, determination of number of unemployed people was by making use of the registers of unemployed people as maintained by the Federal and States Ministry of Labour.

Unemployment statistics as collated and released by then Federal Office of Statistics (FOS) had always been under heavy criticism, owing to what was considered as under estimation of the unemployed people in Nigeria. The criticism was justified by the fact that there were many people without jobs, looking for work but, for various reasons, did not bother to register as unemployed. These people would not be included in the official statistics for the registered labour force, nor would they appear as registered unemployment. Yet from an economic viewpoint, such people are in labour force and are unemployed.

2. Development and Review of Standards on Labour Statistics

Efforts have been made in the past to review the standards on labour statistics. In particular, following the recommendation by the International Labour Organization (ILO) mission to Nigeria in 1996, and consultation with major stakeholders in employment statistics in Nigeria, the necessity for a national workshop to harmonise the concept, definition and methodology of employment statistics in Nigeria in order to attain accuracy and validity of the labour statistics was endorsed and organised in 1997.

One of the major outcomes of the workshop was the review standards on labour statistics in year 1997, when the number of hours of work was reviewed upward to 40 hours within seven days reference period. Another major outcome was the establishment of the mechanism for coordinating the production of employment statistics in the Nigeria. The committee included FOS, FMLP, NMB and Productivity and NDE.

3. Methodology and Procedures of Labour Statistics Production

3.1. Sources of Statistics on Labour Force

The sources of statistics on the economically active population or labour force may be grouped into three broad categories namely;-

(i) The population censuses and household sample surveys;
(ii) Establishment Censuses and Establishment Sample Surveys and
(iii) Various types of administrative records such as employment exchange registers, unemployment insurance records, social security files, public sector pay rolls and personnel lists.

Each source has its own advantages and disadvantages as regards scope, coverage, cost, flexibility etc in using one source rather than the other. Statistics derived from one may usefully be linked and used with those derived from another or confronted with each other for evaluation purposes, provided that care has been taken to harmonize, to the extent possible, concepts, definitions and classification.

3.2. Methodology used by National Bureau of Statistics

In an attempt at understanding the statistical processes involved in generating labour statistics and analytical procedures, discussions will be conceptualized under the following issues:

(i) Concepts and definitions in labour force frame work. These are standard concepts and definitions used as reference points in data collection and analysis.
(ii) Data Collection Strategy

(iii)   National Bureau of Statistics application of the concepts and definitions in her data collection.

(iv)   National Bureau of Statistics Survey Design and analytical procedures of labour indices.

3.3. Concepts and Definitions in Labour Force Framework

The International Labour Organization (ILO) regularly convenes meetings of the International Conference of Labour statisticians to work out international recommendations on labour statistics. Since 1925, the International Conference of Labour Statisticians (ICLS), has reviewed and adopted international resolutions on labour force and related statistics on many occasions. Since 2000, the ICLS reviewed and adopted international resolutions on labour force and related statistics on three occasions; the last being the 19th ICLS, 2013 in Geneva. Based on these conferences, the current definitions are as follows:

3.1.1. Working age population

The working age population comprises all persons of either sex between the ages 15 years and 64 years, where the retirement age for paid employment is 60 or 65 years.

3.1.2 Economically Active Population

The economically active population comprises all persons of either sex who furnish the supply of labour for the production of economic goods and services as defined by the United Nations System of National Account and balances during the specific time-reference period. There are two useful measures of the economically active population.

3.1.3 Employment

Persons in employment comprise all persons of either sex above a specified age who during a specified brief reference period not longer than one week, were either in" paid employment" or "self employment" as define below:

ILO Standard
(a) employed persons "at work", i.e. who worked in a job for at least one hour;

Nigeria Standard
(a) employed persons "at work", i.e. who worked in a job for ***at least 40 hours***;

(b) employed persons "not at work" due to temporary absence from a job or to working-time arrangements (such as shift work, flexitime and compensatory leave for overtime).

(a) 'at work: Persons who during the reference period performed some work either for wages, salaries or related payment.

(b) 'with a job/enterprise but not at work: Persons who, having already worked in their present job, were absent during the reference period and continued to have a strong attachment to their job.

(c) 'with work but not at work: Persons who during the reference period had work to be performed at the work-place but were temporarily absent due to illness or injury, vacation, holiday or ceremonies etc.

(d) Employers, own account workers, employees, apprentices, students who work for pay, members of producers' cooperatives and unpaid family workers should be considered persons in employment as either at work or not at work.

(e) However, persons under the following categories are not considered as being in employment:
    (i)   Persons absent from work, or lay-off with weak job attachment.
    (ii)   Home-makers, persons performing unpaid community and volunteer services and other unpaid persons engaged in activities which fall outside the boundary of economic activity.
    (iii) Seasonal own–account and seasonal unpaid family workers in the off–season who were not working during the reference period.

3.1.4 Unemployment

(a)   Persons in unemployment comprise all persons of either sex above a specified age who during the reference period were available for 'paid employment or available for self-employment: They comprise the following categories:
    (i)   Persons who during the reference period were – "without work", that were not in paid employment or self employment.
    (ii)   "Seeking work", that is, had taken specific steps to seek work either paid employment or self employment.
    (iii)   "Currently available for work", that is, in position to take up work immediately, during the reference period.

(b)   Persons who during the reference period were without work; currently available for paid work and had made arrangement to start a new paid job at a date subsequent to the reference period.

(c)   Persons with their own individual or household enterprises who did not perform any work during the reference period for reason such as lack of instruments to work with, lack of funds, awaiting the agricultural seasons etc.

(d)   Persons without work who were currently available for paid work but who were not seeking paid work during the specified reference period for one or more of the following reasons:

- belief that suitable paid work was not available

- lack of knowledge about where to find paid work.

- awaiting recall to work

- awaiting results of previous applications

- awaiting the agricultural season or other specified reasons.

Definitions c) and d) come under the extended definitions.

(e)   The following categories of persons are not considered as seeking paid employment:
   (i)   Persons without work who had not taken specific steps to seek paid work during the specified period or who were not in a position to take up paid work immediately or shortly.
   (ii)   Persons absent from work, who were not seeking paid work during the specified reference period.

(f)   The following categories of persons are not considered as available for paid employment:
   (i)   Persons who are not seeking paid work because of school or family responsibilities or other similar reasons.
   (ii)   Seasonal workers who were not currently available for paid work.

3.1.5   Population not currently active (Not in the Labour Force)

The "population not currently active" comprises all persons of either sex were not in "employment" or "unemployment) during the brief reference period. Includes the following categories:

(i)   Home-making persons of either sex, not economically active, who was engaged in household duties in their own home, for example, housewives and other relatives responsible for the care of the home and children.

(ii)   Students:

(iii)   Income recipients: persons of either sex, not economically active, received income from property or other investment, royalties or pension etc.

(iv)   Others: such as public aid, private support etc. for either sex, for example children not in school, persons in hospitals, prisons etc.

Figure 1:   Labour Force Framework
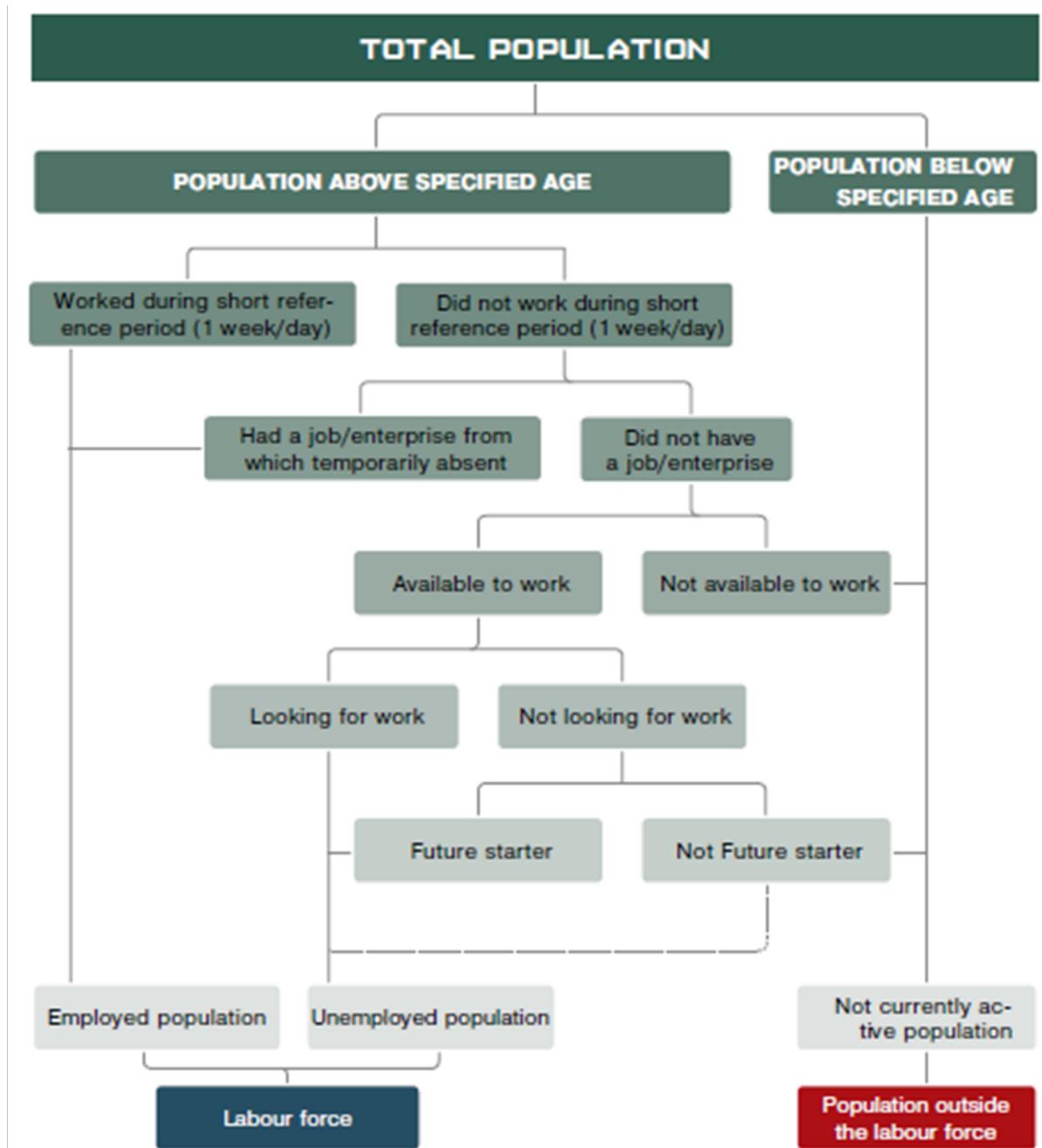
3.1.6   Underemployment:

Underemployment exists when a person's employment is inadequate in relation to specified norms or alternative employment, account being taken of his or her occupational skill (training and working experience).   Two principal measures of underemployment may be distinguished; Visible and Invisible.

(i)   **Visible under-employment** is primarily a statistical concept directly measurable by labour force and other surveys reflecting insufficiency in the volume of employment.

(ii)   **Invisible under-employment:**   is primarily an analytical concept reflecting a misallocation of labour resources or a fundamental imbalance as between labour and other factors of production. Characteristics or symptoms might be low income, under utilization of skill and low productivity. However, for operational reasons, the statistical measurement of underemployment is limited to visible under employment.

Figure 2: International Definition of Employment
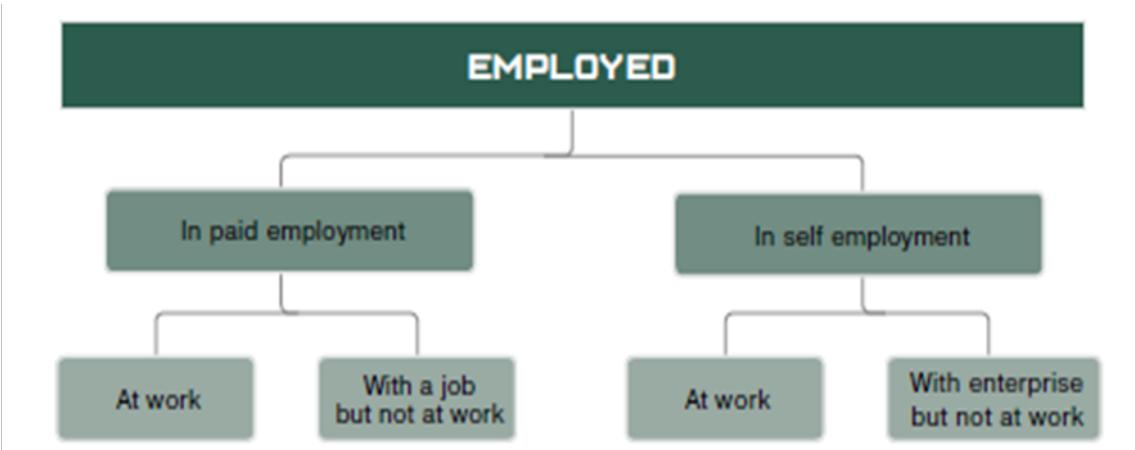
3.1.7   There are two elements of measurement of <u>visible underemployment</u> namely:

(a)   **<u>The number of Persons Visibly Underemployed</u>**

It comprises of all persons in paid or self employment, whether at work or not at work, <u>involuntarily</u> working less than the normal duration of work determined for the activity: who were seeking (available) for additional work during the reference period.

The normal duration of work is determined in the light of the national legislation. Involuntary economic reasons may include such reasons as slack season, material shortage, repairs of plants or equipment, failure to obtain full time work. Voluntary non-economic reasons may be due to bad weather, personal or family responsibilities etc.

(b)   **Quantum of Visible Underemployment**

It is the volume of underemployment, it is measured by aggregating the time available for additional employment during the reference period in respect of each person visibly underemployed.

3.18   **Also, invisible underemployment has two elements**:

(a)   Disguised Underemployment

This is related to criteria of low income or under utilization of skill. Data on income and skill levels are essential for the analytical purpose of the concept.

(b)   Potential Underemployment

This is related to low productivity. This is a situation where a person is employed in an establishment or economic unit with abnormally low productivity.

These international definitions and concepts are expected to be adapted to every country's situation and at the same time ensuring comparability.

3.2   **Data Collection Strategy**

NBS implements her labour force surveys through the National Integrated Survey of Households which is now applied as a multipurpose vehicle for conducting household surveys. The NISH, since its inception in 1981, have been developed to make survey taking very efficient and easy. Among the infrastructures include:

a.   maintenance of a set of permanent field staff for data collection

b.   Network of field offices in the country for field logistics and management.

c.   Development of master sample which makes survey taking easy.

d.   Development of data processing and printing capabilities

e.   Development of both subject-matter statisticians and programmers in survey management areas.

Special quality checks are mounted at the data collection stage in the field officers at the headquarters, also carry out skim checks of survey records as well as spot-checks in each

State. Furthermore, the various levels of field staff are advised on ways to improve data collection effort.

3.3 National Bureau of Statistics Application of the Concepts and Definitions in her Data Collection

Generally, the labour force framework classifies at a given time, the population above a specified minimum age for measuring the economically active population into three mutually exclusive and exhaustive categories namely: employed, unemployed and not in the Labour Force or currently active population while not in the Labour Force measures the population not currently active.

National Bureau of Statistics (NBS) adopts the concept of currently active population (Labour Force) in her operation which measures the size of the currently active population during a short reference period, usually the last one week preceding the day of interview instead of the usually active population of a longer reference period such as the preceding twelve months or more. FOS in the conduction of Labour Force Survey (LFS) uses the concept of civilian labour force rather than total labour force which embraces both civilian and armed forces. For practical reasons, FOS, LFS also excludes persons in institutions such as schools, religion, hospitals etc.

On age limit, FOS adopts a minimum age limit of 10 years but publishes figures on age range of 15-59 years. However, information below age of 15 can always be made available on request. FOS publications follow international practice in order to ensure comparability by publishing tables distinguishing between persons under 15 years age and those 15 years of age and over.

The standard definitions of unemployment cover persons who during the reference period were: (a) without work; (b) currently available for work and (c) seeking work. NBS uses the extended definitions of unemployment by covering all definitional issues on unemployment. FOS also applies the definitions of employment as defined in all its ramifications while it covers underemployment through visible underemployment, most especially the number of persons visibly under employed involuntarily.

NBS uses the uniform conventional standard for determining the normal duration of work. NBS uses a high cut-off point of 40 hours per week for determining the normal duration of work. FOS also uses the priority rules for classifying the working age population into three basic categories of the labour force framework which gives precedence to employment over unemployment and to unemployment over economic inactivity. It means that a person working and also seeking work is classified as employed, while a student who is attending school and also seeking work is classified as unemployed. FOS classifies a person as employed if he worked for only one hour during the reference period. Generally, FOS ensures a compromise between adaption of the

concepts and definitions to Nigeria situations and at the same time upholds the international definitions so as to ensure international comparisons. FOS has tried as much as possible to improve her labour statistics production to serve the Nigeria users over the years.

4.0 National Bureau of Statistics Survey Design and Analytical Procedures

The Labour Force Survey is one of the core surveys of FOS and her involvement in production of labour statistics dates back to the late 60's. In the early 80's FOS started running Labour Force Surveys as a module of its NISH (National Integrated Survey of Households) programmes and ran two annual surveys which were later followed by quarterly surveys from 1985 as a result of demand from users. After 1994 March, the survey was integrated into the General Household Survey (GHS), consequent on expert consultations. The Labour Statistics component still ensures adequate coverage of all aspects of labour and collects data on employment, unemployment, and underemployment. Since GHS is an annual and on-going survey, regular data based on representative samples spread throughout the country are collected. The analysis is still being done on quarterly basis while annual analysis is estimated through aggregation of the quarterly results.

4.1 Survey Design

The NISH was designed from inception in 1981/82 as a five year programe surveys and to be implemented in phases in order to allow for redesign and function for one year; second phase from 1987/88 to 1992/93 and the third phase for 1993/94; 1997/98. FOS has witnessed two mission visits in the survey redesign of NISH. The first being the ECA/FAO/UNSO mission visit in 1986 and the second visit by a sample expert from UNSO, Mr. Scott in 1993. The two mission visits have helped in the survey redesign of NISH and modifications in the various aspects of data production household surveys.

NISH Sample Design

The NISH sample design is constructed to generate reliable statistics at nation and sub-national levels. The main features of NISH sample design are:

(i) Multi-phase Sampling
In each state 800 EAs were selected with equal probability as first phase sample. A second phase sample of 200 EAs was selected with probability proportional to size.

(ii) Multi-stage Sampling Design
A 2-stage design was used: Enumeration Areas were the first stage units while housing units were the second stage units. Since the first stage units (that is

second phase EA's) were selected with probability proportional to size, it was possible to select the sample housing units to be fairly equal in size.

     (iii)   Replicated and Rotated Design

            200 EAs were selected in each state in 10 independent replicates of 20 EAs per replicate. A rotation was imposed which ensured 6 replicated to be studied each, but each subsequent year a replicate is dropped for a new one, that is, a rotational of 1/6 is applied.

     (iv)   Master Sample

            The EAs and housing units selected constitute the master sample and subsets of this were taken for various surveys depending on the nature of the survey and the sample size desired.

Generally, six replicates of 120 EAs were covered every year and a rotation of 1/6 applied. Annually 120 EAs were randomly allocated to the 12 months of the year in which 10 EAs were covered for the core module (GHS/LFS) under the NISH for each month. Practically, FOS design is based on the fact that each replicate is an independent sample which can be used to make estimates for the population and that results from one replicate is comparable to the other. The replicate can also be used to compute the sampling errors. FOS has established an efficient-design to measure reasonably well labour statistics indices at both national and sub-national levels.

4.3   **Analytical Procedures**

The General Household Survey questionnaire now incorporates components of labour force survey as a result of the integrated of Labour Force survey into General Household Survey in 1994/95. The following basic data are collected on labour force component: age; sex; relationship to head of household, marital status; educational attainment; educational attendance; literacy; work status (employed, unemployed, not in the labour force); occupation (primary and secondary) of the employed; industry of the employed, hours of work; employment status; institutional sector; underemployment (voluntary and involuntary); and income. FOS also collects data on household enterprises in the General Household Survey questionnaire which cover a large part of the informal sector. On this part, data are obtainable in respect of kind of activity as well as number of persons engaged. The new GHS questionnaire also benefited from ILO expert advice and hence the new instructional manuals in order to enhance comprehensiveness of scope and quality of data.

The analytical procedures have always followed the normal estimation period under the multi-stage arrangement. Generally, FOS uses two approaches in the calculation of indices. "Rates"

and "Percentage Distribution". The sectoral weights are then applied to get the national rates. The computational procedures of FOS use the labour force framework in deriving the labour statistics indicators on employment, unemployment and underemployment. In the computational procedures, data are extracted into a 7 page working sheet on a number of variables:

- **Sheet 1**:   This extracts information on population by age and sex of household members.

- **Sheet 2:**   This extracts information on civilian population by activity status by sex for persons aged 15-59. This covers employment, unemployment and underemployment extractions and equally economic inactivity such as students, home-makers, etc.

- **Sheet 3:**   This extracts information on employed persons by hours of work and sex distribution.

- **Sheet 4**   The Form extracts information on unemployed population by education status and by sex of persons aged 15-59 years.

- **Sheet 5**   Extracts information of unemployed population by age and by sex

- **Sheet 6**   It extracts information on employed population by age and sex

- **Sheet 7**:   It extracts information on employed population by education and sex

Summaries are then made from the working sheets for both urban and rural sectors separately and proportions are then calculated.

Generally, two approaches were adopted by FOS in the calculation of the indices:

4.3.1   <u>Unemployment Rate:</u> is simply the proportion of the unemployed in the labour force expressed in percentage

i.e Unemployment rate $=$ $\dfrac{\text{Unemployed}}{\text{Unemployed +Employed}}$ x $\dfrac{100}{1}$

4.3.2   Percentage distribution of unemployed: is also a simple proportion of the unemployed of a sub-group over the total unemployed expressed as percentage

$$\text{Percentage distribution} = \frac{\text{Unemployed in a Subgroup}}{\text{Total unemployed}} \times \frac{100}{1}$$

These indices can better be illustrated with the tables below:

Table 1:   Unemployment Rate by Educational Level

Sector (1)	Unemployed Persons (2)	Employed Persons (3)	Labour Force (2)+(3)=(4)	Unemployment Rate (2) x 100 (4)
No Schooling	6	543	549	0.01
Primary	10	637	647	0.02
Secondary	38	551	589	0.1
Higher than Secondary	14	137	151	0.1

The calculation of unemployment rates by gender and age group follow the same pattern as above.

Table 2:   Percentage Distribution of Unemployed Persons

Education Level	Unemployment Persons	Percentage Distribution
No. Schooling	21	10
Primary	42	20
Secondary	121	60
Higher than Secondary	24	10
Total	**208**	**100.00**

Other categories follow similar calculations.

The tables generated in the quarterly statistical news were meant to provide quick results for users in the monitoring of labour activities in the country. The tables include the following:

(i)   National unemployment rates by sector
(ii)   Unemployment rates by educational level, age group and sex
(iii) Unemployment rates by state by sector
(iv) Unemployment by educational level, by age group by sex and sector

Employed by persons by hours of work, by volume of work by sex, and by sector

Further analysis for the standard tables on labour force should be the major concern of the major users.

4.3.3   **Underemployment rate (Number of persons visibly underemployed):** This is the proportion of under employed in the employed expressed in percentage.

i.e $\dfrac{\text{Underemployed}}{\text{Underemployed + Fully Employed}} \quad \text{x} \quad \dfrac{100}{1}$

5.0   **Issues in the Applications of Concepts and Definitions and Future Direction of NBS**

5.1   Issues in the Applications of Concepts and Definitions

Generally, conceptual problems lie in interpretations and usage by data collectors and analysts. Among the problems to be highlighted include current activity and employment; unemployment; underemployment and usual activity.

On current activity and employment, the translation of economic activity into appropriate questions is a fundamental requirement for accurate measurement of employment and unemployment in labour force surveys. As such, interviewers or respondents usually have subjective understanding of terms like economic activity, work for pay or profit. Problem of under reporting of economic activity may also arise where a substantial part of the population is engaged in activities other than regular paid or self employment such as casual work or work for short duration, works remunerated in kind, home-based work, unpaid family work and production for own consumption. These problems could be solved by introduction of few leading and probing questions around the key work concerning economic activity. The definition of one hour criteria, although is meant to cover all types of employment including short-time work, casual labor, standby and other types of irregular employment but it has resulted in high employment rate from LFS in a country like Nigeria.

FOS in order to avoid the problem of proper measurement of unemployment has adopted the extended definitions which incorporate the three criteria, without work, seeking work and availability for work. This problem has to be resolved through dual question approach, filter and probing question thereby making the measurement rigorous.

FOS measures underemployment through number of persons visibly underemployed. Other measures of underemployment such as disguised and potential underemployment could not be measured because additional questions are required in the present survey instrument for measurement.

Recently, criticisms on the usage of the definitions and concepts gathered momentum in both governmental and non-governmental circles so as to reflect properly the employment situation in the country. It is believed that the parameters measured should show adequate social concern and to really bleed. In view of the above, FOS had to look closely into overall methodology and analysis of the labour force surveys vis-à-vis the concepts and definitions. FOS has now included underemployment component in the quarterly statistical news which is seen as a way of reflecting better the employment situation in the country. It has been noted for a developing country like Nigeria. Employment situation is better described through supplementation of unemployment rate with underemployment situation.

In order to properly understand the unemployment rate situation, FOS recently decomposed the unemployment rate by age and education thereby reflecting properly the contribution of each sub-group in the unemployment situation. These rates have consistently showed very high rates for age group 15-24 and secondary school levers. The recent June quarterly statistical news on LFS reflected these decomposition.

The overall unemployment rate (composite) 3.8%, urban 5.9% and rural 3.4%. The disaggregation of the rates showed that for age-group 15-24, the resulting rates are composite (12.7%), urban (20.3) and rural (11.1%) while secondary school group, the resulting rates are composite (9.1%), urban (10.0%) and rural (8.9%). These figures could be used by programme managers, policy formulators and implementers. These quarterly publications have consistently shown these trends.

There are other tables reflecting unemployment rates by states and also percentage distribution by age-group, educational level and by gender in the statistical news.

However, full tabulation of Labour Force Survey on different topics are not available but it can be done on request.

The other issues being considered for the future considerations include the usage of one-hour criterion for measurement of an employment and improved measurement of underemployment, through visible underemployment.

FOS is now looking into the issue of supplementing the usage of one-hour criterion with minimum hours criteria such as:

    (i)   Majority criterion, meaning that a person must have been working most of the during the reference period e.g. Syrian LFS;

<ol type="i" start="2">
(ii)   One day criterion, meaning that a person must have been working at least one day during the reference period e.g. Malaysia;

<ol type="i" start="3">
(iii)   X-hours criterion, mearning that a person must be working x-hours or more during reference period e.g. 13 hours in Austrian LFS.

Although FOS tried analytically recently by increasing the minimum hours to ten hours, using x hours criterion of 14 hours criterion of 14 hours, it resulted in similar results with international standard of one-hour in use by FOS.

METHODOLOGY FOR DETERMINATION OF NUMBER OF JOB CREATED??

Definition of Unemployment

Unemployment may be defined as a situation where people who fall within the working population age, capable and willing to work but are unable to obtain befitting work.

Unemployment rate is calculated as a percentage of the labour force which is not employed at any given time according to the country definition.

In Nigeria, the National Bureau of Statistics describes an unemployed person as someone between age 15 – 64 years, capable and willing to work but unable to obtain any work or work for less than 40 hours within a (reference) period of 7 days. Those who are within the working age but are either not capable or not willing to work are considered as being out of labour force population.

TYPES OF UNEMPLOYMENT

1. Under-employment

This is a situation whereby the potentialities of a worker are not fully utilized. There are financial, mental and physical under-employment. It is financial when the worker is not getting equal pay from the work he/she is doing; mental when there is a mismatch between the works the person is doing and what he studied; physical when the worker is underutilized.

2. Frictional Unemployment

This arises when people leave their present jobs with the hope of getting a new and better one but fail to do so. It may or may not be a temporary unemployment depending on the prevailing economic situation. Therefore, this is the period between the time the worker lost his/her former work and the time of getting a new one.

3. Deficient Demand (cyclical) Unemployment

If there is a decrease in the quality of goods demanded over production which results in fall in prices, industries will be affected, which may cause retrenchment or lay-off workers in the industries affected. Cyclical occurs therefore whenever there is a fall in demand. This is so because the demand for labour is a derived one and depends on demand for goods and services.

4. Structural Unemployment

This arises as a result of slight changes in the industrial structure of a country. Workers will be retrenched as result of economic recession as it happened in Nigeria 1984 when many firms folded up. It may occur as a result of changes in production technique, e.g when production becomes capital intensive.

5. Voluntary Unemployment

This unemployment which is deliberate occurs when some people refuse to take up some paid employment or decide not to do any work. For example, some husbands may order their wives not to do any type of work but to stay at homes as full time housewives.

6. Seasonal Unemployment

Seasonal unemployment is caused by seasonal changes that affect some type of work. Workers that work in road construction companies return unemployed during the raining season. Also, farmers stay idle in-between harvesting and planting season.

7. Search Unemployment

This arises when some people turn down offer of work in search of better paid employment. How long this season will last will depend on the prevailing economic situation in the country.

8. Residual Unemployment

This is the type of unemployment faced by people who are so low in a standard of efficiency that few occupations may be open to them, e.g handicapped persons.

9. Technological Unemployment

This is unemployment as a result of switching from labour intensive production technique to capital intensive production technique. Those who are skilled will be trained while the unskilled labour will be replaced with machines.

Table 3: Unemployment Rate, Nigeria 1967 - 2015

Year	Unemployment Rate
Y-1967	1.7
Y-1976	4.3
Y-1983	3.9
Y-1985	6.1
Y-1986	5.3
Y-1987	7.0
Y-1988	5.3
Y-1989	4.0
Y-1990	3.5
Y-1991	3.1
Y-1992	3.4
Y-1993	2.7
Y-1994	2.0
Y-1995	1.8
Y-1996	3.8
Y-1997	3.2
Y-1998	3.2
Y-1999	8.2
Y-2000	13.1
Y-2001	13.6
Y-2002	12.6
Y-2003	14.8
Y-2004	13.4
Y-2005	11.9
Y-2006	12.3
Y-2007	12.7
Y-2008	14.9
Y-2009	19.7
Y-2010	21.4
Y-2011	23.9
Y-2012	27.4
Y-2013	24.7
Y-2014	25.1

Source: NBS

Figure 3: Unemployment rate in Nigeria
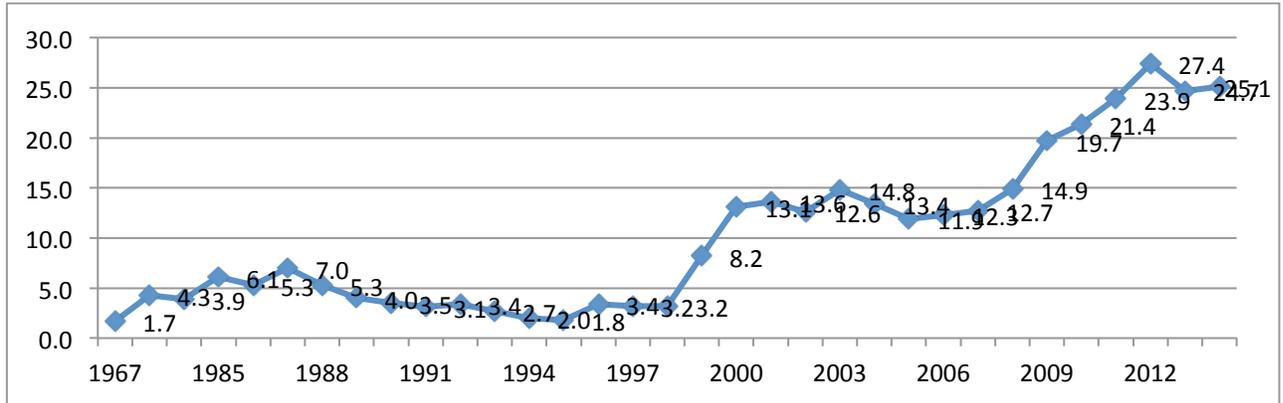
Nigeria

Figure 4: Recent unemployment rate, selected African countries
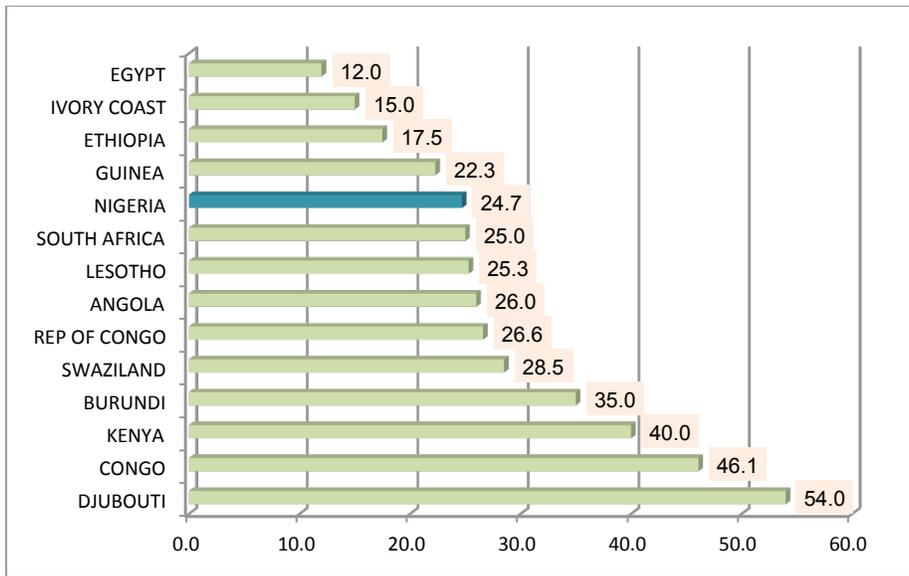
Table 4: Compare Unemployment Rate of Nigeria with USA, UK, some Asian and African countries

COUNTRY	2006 (JUL)	2007	2008	2009	2010	2011	2012	2013	2014 (APR)
UK	5.5	5.3	5.7	7.8	7.7	8.1	7.8	7.7	6.5
USA	4.7	4.7	5.8	9.5	9.5	9.0	8.2	7.3	6.3
GERMANY	10.1	8.6	7.4	8.0	7.0	5.9	5.5	5.3	5.1
GREECE	8.7	8.2	7.5	9.6	12.7	17.8	25.1	27.8	27.3
SPAIN	8.5	8.2	11.3	18.1	20.1	21.4	25.1	26.2	24.9
GHANA	3.6	3.6	3.6	3.6	3.6	3.5	3.6		
NIGERIA	12.3	12.7	14.9	19.7	21.4	23.9	27.4	24.7	25.1

References: Unemployment Concept and Issues, Publication of Central Bank of Nigeria; Volume 25, No 4; October/December 2001

Lead Discussant: Dr. George Oyeniran Adewoye, GOAD Consults Ltd

4.0   **BUSINESS SESSION III**

4.1   INTRODUCTION TO SOME KEY CONCEPTS IN LABOUR STATISTICS: WORK, EMPLOYMENT & LABOUR UNDERUTILIZATION BY MRS. CHINYERE EMEKA AMUNA, ILO

The main objectives of international standards in labour statistics are to provide guidance to countries in setting their national labour statistics programmes, based on good practice; promote coherence in concepts and methods across sources and topics /areas; promote international comparability and set priorities for future work.

The update of the previous standards in labour statistics was for the following reasons:

- It was requested by countries through 18th ICLS & UN Statistics Commission;
- Responds to limitations of unemployment statistics
- Provides broader measures of labour underutilization
    - Beyond unemployment
- Recognizes all work, paid and unpaid
    - Addresses gender bias in work statistics
- Facilitates integration of labour statistics with other topics
- Responds to emerging social and economic information needs
    - labour market dynamics, job creation, household livelihoods, well-being, *beyond GDP indicators*

Scope of new standards: Concepts, definitions

The 1st international statistical definition of "work" recognizes ALL productive activities, paid and unpaid, as work. The employment definition was refined as "work for pay or profit." Other forms of work (unpaid) recognized for separate measurement include own-use production work, volunteer work, unpaid trainee work.

Main Concepts and Framework Work

The 1st international statistical definition of work is "Any activity performed by persons of any sex and age to produce goods or provide services for use by others or for own use" -*Para 6, Resol I. (19th ICLS, 2013)*. Note that the concept is for reference purposes (not direct measurement!), recognizes all productive activities as work and points that WORK is not equal to Employment.

The new statistical definition is:

- Aligned with General production boundary (2008 SNA)

  – Activity must result in production of goods or services

  – Activity must fulfill 3rd person criterion: i.e. it must be possible for someone else to perform the activity on one's behalf

- Can be performed in any kind of economic unit

  – Market units (i.e. for profit units, such as corporations, quasi-corporations and household unincorporated market enterprises)

  – Non-market units (i.e. government & non-profit institutions)

  – Households producing goods or services for own final use

- Irrespective of formal, informal nature or legality of activity

Forms of work:

- **Own-use production work**

  – Activities to produce goods & services mainly for own final use by household

- **Employment work**

  – Activities to produce goods & services [for others in exchange] for pay or profit

- **Unpaid trainee work**

  – Activities to produce goods & services for others performed without pay in order to acquire workplace experience or skills

- **Volunteer work**

  – Non-compulsory activities performed without pay to produce goods and services for others

- **Other work activities**

  – E.g. Compulsory activities performed without pay to produce goods & services for others

Usefulness of new framework is that it takes into cognisance the multiple activities of persons; household allocation of labour, contribution to livelihoods; and assessment of labour market participation & integration by persons in forms of work other than employment.

Labour Force Concept

The labour force "refers to the current supply of labour for the production of goods and services in exchange for pay or profit" --*Para 11,Resol I. (19th ICLS, 2013)*

Labour force = Employed + Unemployed

This definition focuses on work transacted for pay or profit, provides snap-shot picture of labour market at a given point in time and serves to monitor labour market responses to economic cycles.
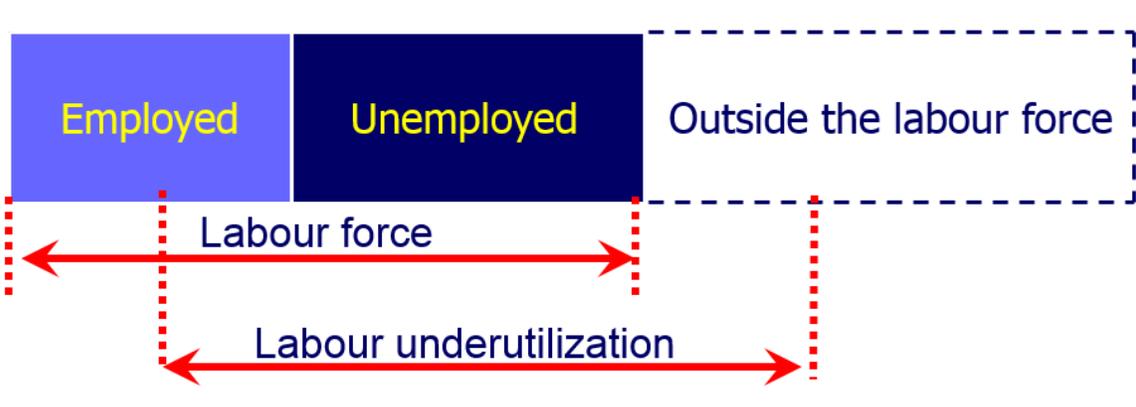
Figure 1: Labour force and labour underutilization

The term labour force no longer refers to "economically/currently active population." While the term **Outside labour force** no longer refers to "economically inactive population" and no longer includes population below minimum age. However, it is important to note that all forms of work are productive & contribute to the economy; persons outside labour force may be engaged in other forms of work and children may be engaged in work, including in child labour.

Figure 2: Labour force as per the previous standards

ALL OTHERS, whether or not

ALL who work for pay	-Provide services for own
ALL who work for profit	-Volunteer providing services fo
ALL who work for training	
ALL who produce goods for own final use	
ALL who volunteer for org.	
ALL who volunteer to produce goods for households	

Employed

Not employed

Unemployed

Ina
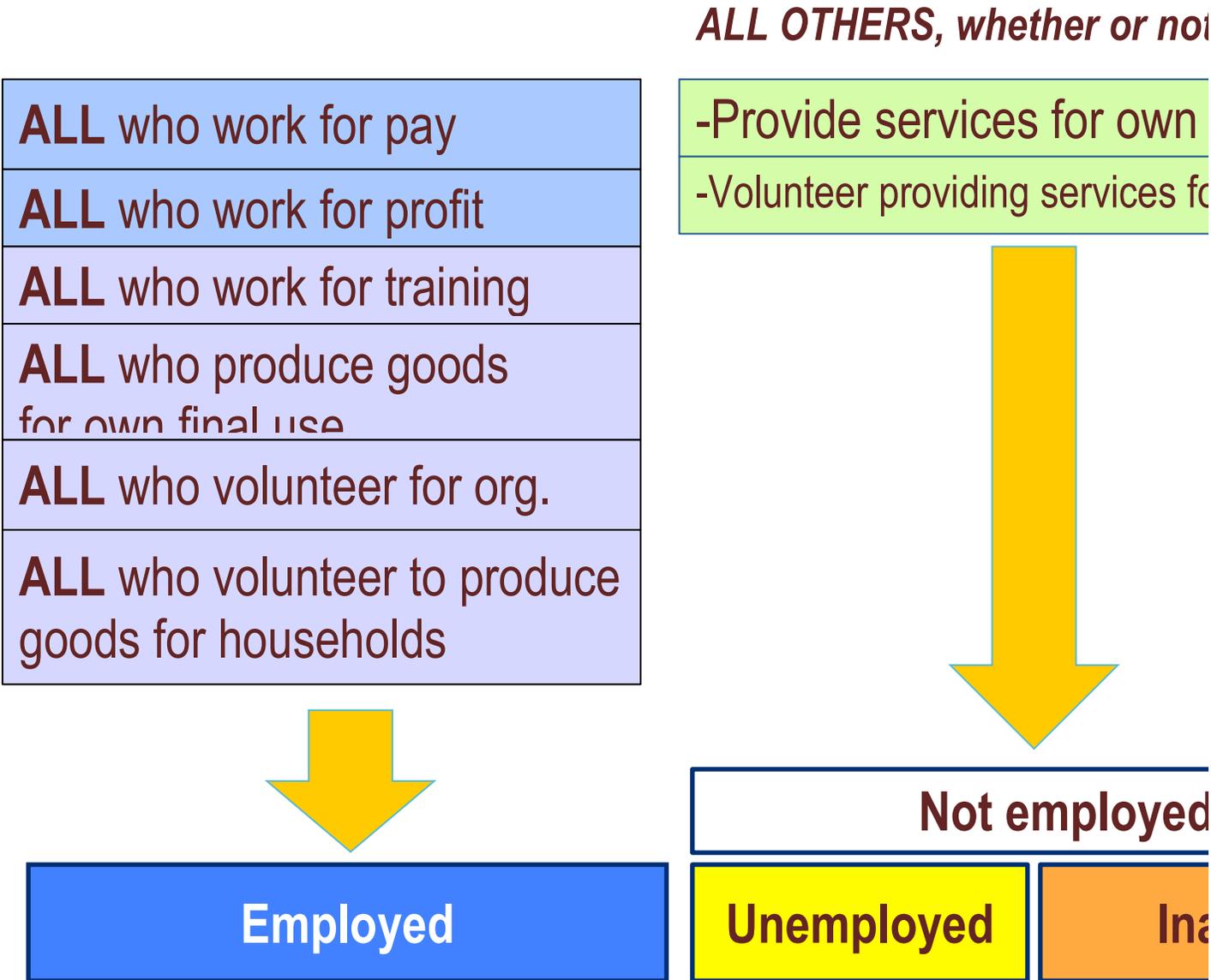
Figure 3: Labour force as per new standards

Above *minimum age ...:*

ALL who work for pay

ALL who work for profit
-Employers
-Own account workers in market units
-Contributing family workers
-Members of market producer cooperatives

ALL OTHERS > age, wh
-Provide services for own
-Volunteer providing serv
-Work unpaid for training
-Produce goods for own f
-Volunteer through / for o
Volunteer producing good

Without employment

Seeking **and** available fo

Yes

Employed
(work for pay / profit)

Unemployed

Labour force

Underutilized labour
(with unmet need for employment (for pay/profit)

Labour underutilization

Labour underutilization "refers to mismatches between labour supply and demand, which translate into an unmet need for employment among the population"-- *Para 40, Resol I. (19th ICLS, 2013)*. There are four (4) indicators of labour underutilization, to assess the nature of LU throughout the business cycle:

•   **LU1**: Unemployment rate:

[persons in unemployment / labour force] x 100

- **LU2**: Combined rate of time-related underemployment and unemployment:

  [(persons in time-related underemployment + persons in unemployment) / labour force] x 100

- **LU3**: Combined rate of unemployment and potential labour force: 3

  [(persons in unemployment + potential labour force) / (extended labour force)] x 100

- **LU4**: Composite measure of labour underutilization:

  [(persons in time-related underemployment + persons in unemployment + potential labour force) / (extended labour force)] x 100
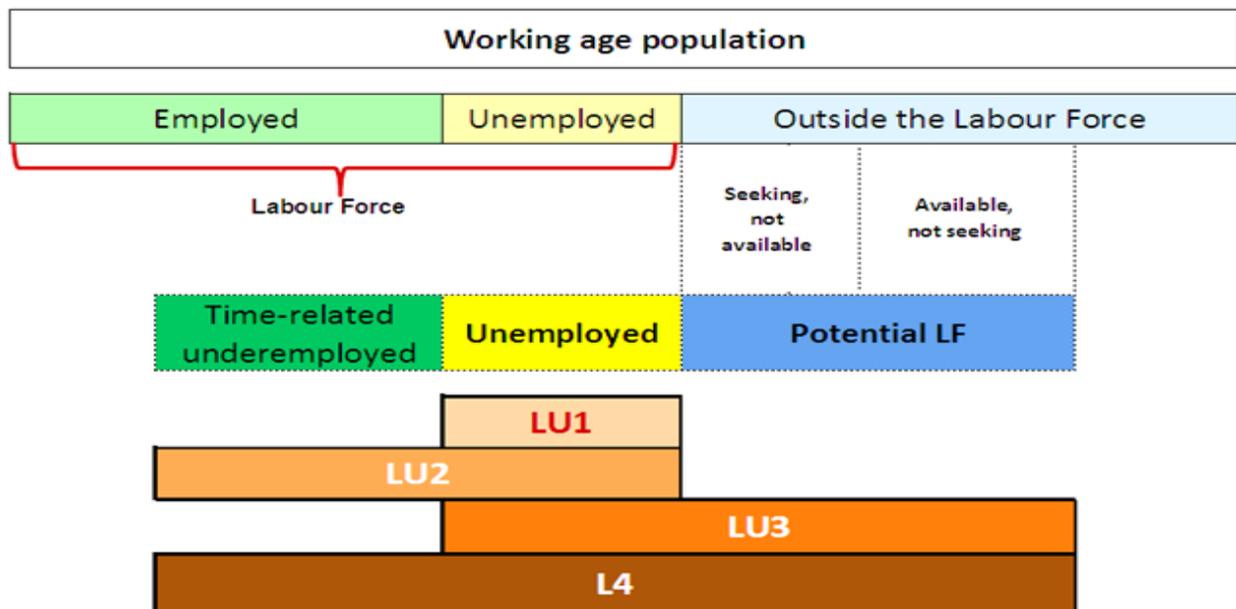

Figure 4: Indicators of labour underutilization

Labour force participation rate (LFPR)

The LFPR indicates what proportion of the relevant population is in the labour force.

Labour force: Employed plus unemployed (i.e. pool of labour working/available for work)

The LFPR can be calculated for different sub-groups (age, sex, etc.)

Unemployment

The definition of unemployment requires that a person should not have done any "employment" in the reference period, should be available for "employment", and should be looking for "employment".

Calculating the unemployment rate

The unemployment rate is defined as the percentage of the labour force that is unemployed.

Unemployment rate = $[U/(E + U)] *100$

Note:

- In countries where there is no social security safety net for the unemployed, the unemployment rate is likely to be very low since very few people can afford to do no "employment" at all.
- In those situations, the unemployment rate is not a very useful indicator of the state of the labour market
- Better to consider other indicators, such as the percentage in informal employment / informal sector or labour underutilization

Employment

The key variables in employment include: status in employment, occupation, sector of economic activity ('industry'), institutional sector of employment, hours worked and wages & earnings. The key indicators include: employment to population ratio, percentage in informal sector/ informal employment, rate of time-related underemployment, and labour underutilization. For some variables there are standard classification systems: e.g. International Standard Classification of Occupation (ISCO), International Standard Industrial Classification (ISIC) and International Classification of Status in Employment (ICSE).

Status in employment

All employed persons can be categorized according to their status in employment. The categories are: Paid Employees; Employers; Members of producers' cooperatives; Own account workers and Contributing family workers.

The various key indicators of employment status includes:

i. Employment to population ratio is defined as ratio of total employment to working age population.

ii. Rate of time-related underemployment is defined as the proportion of persons in employment who are currently working fewer hours than they would like to work: Willing to work additional hours; Available to work additional hours and Worked less than a threshold related to working time.

Rate of time-related underemployment = <u>No. underemployed</u> x 100

No. in labour force

Lead Discussant: Dr. M. M. Tumala, President, National Statistical Association

5.0   SYNDICATE GROUPS DISCUSSIONS

The members of the review committee formed two groups; group one held discussions on definition of terms and concepts of labour force statistics while group two focused on

methodology for computing labour force statistics. The results of the syndicate groups discussions led to the formation of the group reports on labour statistics as follows:

5.1 SYNDICATE GROUP I: Report of Syndicate Group on Definition of Terms and Concepts of Labour Force Statistics

1. Introduction

National Bureau of Statistics (NBS) as the national statistical agency responsible for producing and disseminating official statistics has the mandate for generating the unemployment rate for the country. In its efforts at producing acceptable unemployment rate figure for the country, coupled with the mandate of developing and promoting the use of statistical standards and appropriate methodologies in the statistical system, NBS finds it necessary to review the definition of certain concepts and methodology used for computing the unemployment rate; hence the justification for this workshop. As part of this larger effort, the definition syndicate group is charged with the review of the appropriateness or otherwise of definitions of key terms and concepts involved in the computation of the unemployment rate.

2. Objective and Scope of Work

The main objective for the sub-committee is the review of definition of key terms and concepts used for the computation of unemployment statistics by NBS and propose most suitable definitions for the Nigerian environment, while still satisfying international best practices.

The scope of work for the sub-committee is:

i. To determine the appropriateness or otherwise of the current NBS unemployment definition and proffer a suitable definition for Nigeria within internationally agreed parameters.

ii. Prepare and submit a report on the findings and recommendations of the group to the Review Committee for adoption.

3. Methods used

The methods used by the group as a means of achieving the specified objective and ToR involved a detailed review of the current definitions of key terms and concepts currently being

used by NBS. The group also reviewed those being used by International Labour Organisation (ILO) and other countries. In addition, the group examined the peculiarity of Nigerian society in arriving at its proposed definitions and concepts.

4.   Identification of Gaps/Problems in the Current Definitions

Twelve (12) key important concepts for computing the unemployment rate were identified. While the current definitions of some of these concepts were found to be appropriate, other were found either not to be in tandem with internationally acceptable standard or not reflecting Nigerian peculiarity.

5.   Suggested/Proposed Definitions for Nigeria

Below are the suggested definitions for the identified concepts:

i.   Work – it was discovered that while ILO identifies work, NBS only concerns itself with employment. The ILO's definition of work was found to be appropriates and captures Nigeria's peculiarity

   ➢ "*Any activity performed by persons of any sex and age to produce goods or provide services for use by others or for own use*" - *Para 6,Resol I. (19th ICLS, 2013)*

ii.   Working Age Population – the group recommends that the current NBS definition:

   ➢ "*The working age population comprises all persons of either sex between the ages 15 years and 64 years who are not in institutions*"

   • However, for data collection purpose, persons of age 15 and above should be captured and the upper bound should be left opened.

   • This is to satisfy other data needs, as well as capture the peculiarity of Nigeria.

iii. Economically Active Population (EAP) – the NBS definition is appropriate

   ➢ "*The economically active population comprises all persons of either sex who furnish the supply of labour for the production of economic goods and services as defined by the United Nations System of National Account and balances during the specific time- reference period*".

- For measurement purpose, the EAP should be restricted to the working age population, that is, persons within the age group 15 – 64 who are not in institutions.

iv. Employment – the current NBS definition should be adopted
   - ➢ "*Persons in employment are defined as all those in working age population who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit*".
   - However, there is the need for NBS to embark on adequate public enlightenment campaign as a means of providing information and awareness for the measurement.

   - ➢ In terms of *Minimum Working Hour (MWH)* – currently the NBS uses *at least 40 hours* per week of work for anybody to be considered as employed.
   - The employment and unemployment data should be disaggregated into:
     - *Did nothing; worked < 20hrs; unemployment rate (Did nothing + worked < 20hrs); underemployed (20 – 39hrs); & fully employed (at least 40hrs)*.
   - The separation is to give room for reflection of Nigerian peculiarity and capture large pool of workers within the informal sector who might be cut-off by the 40 hours limit.

v. Unemployment – it is suggested that the ILO concept of *Unemployed* should be used
   - ➢ "*Unemployed are persons not in employment in the reference period (e.g. last 7 days), and are available for employment, and are seeking for employment*".
   - It is also recommended that the labour force instrument should be designed to capture discouraged persons.

vi. Underemployment – it is suggested that the ILO's definition of time-related and that of NBS of skill-related should be merged to have an all encompassing definition. Therefore, underemployment should be defined as

> "*The number of persons in employment who are working fewer hours than they would liked to or engaged in employment not commensurate with their occupational skill (training and working experience)*".

- It is also recommended that the disaggregation into visible and invisible underemployment should be emphasised.

vii. Labour Force (LF) – this should be defined and measured as

> *Employed persons plus Unemployed persons*.

viii. People Outside Labour Force – this is defined to include

> "*Persons within the working age population who are neither employed nor unemployed*".

ix. Labour Force Participation Rate (LFPR) – defined as

> "Percentage of labour force in the working age population".

- Measurement ⟶ $\text{LFPR} = \dfrac{\text{labour force}}{\text{Working age population}} \times 100$

x. Unemployment Rate (U) – defined as

> "Percentage of unemployed persons in the labour force".

- Measured as: $\text{U} = \dfrac{\text{Unemployed}}{\text{Labour force}} \times 100$

$$= \dfrac{\text{Unemployed person}}{\text{Employed} + \text{unemployed}} \times 100$$

xi. Underemployment Rate (UER) – ILO's measurement should be adopted

$$\text{Underemployment} = \frac{\text{No. underemployed}}{\text{No. in labour force}} \times 100$$

xii.   Labour Underutilization – the ILO's definition should be adopted, which says that

> "*Refers to mismatches between labour supply and demand, which translate into an unmet need for employment among the population*". *Para 40,Resol I. (19th ICLS, 2013)*

- Measured as comprising time-related underemployed + unemployed + potential labour force.

6.   Criteria/Reasons for the Proposed Definition

Generally, the two main criteria considered for the above suggested definitions, and these are:

- To allow for Nigerian society peculiarity.
- To satisfy international best practices.

7.   General Recommendations

Based on the identified gaps in the NBS definitions of some of the key concepts, the following general recommendations are put forward.

- There is the need for NBS to disaggregate the labour force data on employment and unemployment to capture categories of employment and underemployment.
- Labour market dynamics should be captured in the survey instrument.
- There is the need for the design and implementation of Labour Market Information System (LIMS).

It is strongly suggested that the employment (unemployment) figure should not be released until there is sufficient public awareness campaign on the derivation and measurement in order to avoid misinterpretation.

5.2   SYNDICATE GROUP II: Report of Syndicate Group on Methodology for Computing Labour Force Statistics

1.   Introduction

National Bureau of Statistics (NBS) is the national statistical agency for the Federal Republic of Nigeria. It came into existence by the Statistics Act 2007, which merged the former National Data Bank (NDB) and the defunct Federal Office of Statistics (FOS). NBS is mandated to produce and disseminate all official statistics and is also the coordinator of the National Statistical System (NSS). The NSS is the central body for users and producers of official statistics. One of the major functions of NBS is "to promote the use of best practice and international standards in the statistical production, management and dissemination".[1] As the coordinator of the NSS, NBS is therefore thrust with the responsibility of ensuring that all official statistics are based on international best practices and standards.

NBS produces and disseminates different types of data covering macroeconomic, financial, social and economic sectors periodically. NBS is also the official producer of labour statistics, which provides information on employment and unemployment rates as well as other labour information in Nigeria. Job creation in recent times has been on the front burner for many governments and policy makers across the world. This is mainly in response to the high rates of unemployment, particularly among the youths caused by the global economic crisis in 2008/09. This has been no different for the government in Nigeria. The Transformation Agenda of the present administration has Job Creation as one of the three main pillars. To successfully realize this, it is very important to have accurate data on the numbers of jobs being generated and the level of employment in the country. This information is necessary to enable government track the effectiveness of its job creation initiatives and to see what particular policies and sectors of the economy are responsible for the employment being generated. More importantly, this information is relevant to assess the impact on unemployment in the country. If the economy is generating a lot of jobs but yet the unemployment rate is rising, then it important for government to know, so as to find ways of adjusting its policies and programs, hence the significant importance of job creation and employment statistics.

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[1] The Statistics Act, 2007, No.9, Part I, 2.

2. Objective and Scope of Work

The objective of the sub-committee for the Review of Methodology for Computing Unemployment Statistics is to deliberate on the current methodology for computing unemployment as applied by NBS and propose a most suitable methodology for the Nigerian environment, while still satisfying international best practices.

The scope of work for the Committee for the Review of Methodology for Computing Unemployment Statistics includes:

i.   To determine the appropriateness or otherwise of the current NBS methodology for computing unemployment and proffer a suitable methodology for Nigeria within internationally agreed parameters.

ii. Prepare and submit a report on the findings and recommendations of the sub-committee to the Review Committee.

3. Methods used for the Review of Methodology

The sub-committee met and agreed that National Bureau of Statistics (NBS) should make a comprehensive presentation of the methodology currently in use for conducting Labour Force Survey (LFS) in Nigeria. This is to enable the Committee have a clear understanding of the methodology currently in use and be able to assess its adequacy or otherwise vis-a-vis practices and experiences from other parts of the world. The presentation of NBS methodology was done by Mr. Isiaka Olarewaju, bringing out the salient features of the methodology and areas needing improvements are highlighted. The presentation was thoroughly debated, questions raised and clarifications sought to enhance full understanding of NBS methodology for computing unemployment in Nigeria.

Again, three other sub-committees were constituted: one reviewed methodology for computing unemployment in developed countries (e.g. USA, Canada and European Countries), another sub-committee reviewed methodology for computing unemployment in African countries (e.g. Uganda, Botswana, Zambia and South Africa) while the last sub-committee reviewed methodology for computing unemployment in other developing countries (e.g. Brazil, India and Mexico). The outcome of the review of methodology in these countries provided the basis for

assessing the adequacy of NBS methodology in terms of international best practices. Consequently, the following are the main features of all the methodology for computing unemployment employed by all countries reviewed: sources of data, survey design, appropriate sample size, questionnaire design and validation, data collection, timing and frequency of survey, data processing and timing of release of data.

4. Sources of data

The Labour Force Survey (LFS) is the only official source of labour force statistics such as national and state unemployment rates in Nigeria as used by NBS and in other countries. Hence, the sub-committee recommends that NBS should continue to use LFS as the primary source of data for computing unemployment statistics for Nigeria.

5. Survey design

The first step in sample design consists of defining the primary survey unit of enumeration area (EA) to be used for the first stage of sample selection. This forms the survey area frame. EAs are demarcated by the National Population Commission. Two hundred (200) EAs are selected randomly in each state which is divided into 20 replicates with 10 EAs randomly selected. The LFS employs a stratified multi-stage design to sample households. The first stage of sampling consists of selecting smaller geographical areas, called clusters (Enumeration Areas), from within each stratum. The second stage of sampling consists of selecting households from within each selected Enumeration Area. The LFS information is gathered for all the eligible household members residing in the selected household, using interviewing. This approach is used by NBS to implement sample design for LFS in Nigeria. This approach is consistent with international best practices. However, the demarcation of EAs is 8years old and should be reviewed. The committee therefore recommends that the EAs should be redefined without further delay to ensure appropriate survey design.

6. Appropriate sample size

The importance of optimal sample size in any survey cannot be overemphasized. However, selected sample size is seriously influenced by the level of precision expected from the output of the survey and available funds. When the sample selected for a survey is too small, the survey may produce biased results or the level of expected data disaggregation that will ensure informed

decisions may not be achievable. Hence, appropriate sample must be used in labour force surveys to ensure quality data for the nation. The current design of 1000 households (HHs) per State used by NBS has a major weakness statistically as it is too small to allow meaningful levels of disaggregation required for policy making.

There are two recommendations:

1. That NBS should increase sample size to 2,000 HHs per state so that meaningful levels of data disaggregation could be achieved to satisfy end users (governments at all levels, private sector organizations, United Nations agencies and non-governmental organizations).

2. NBS should work in-house to determine the appropriate sample size using a number of variables that disaggregation are needed to determine appropriate sample size. This could be done by looking at the value of variances or coefficients of variation of the variables and then take appropriate sample size based on the lower and upper limits of the variances of coefficients of variation.

Also, to ensure that NBS produces data with increased level of precision and timely too, adequate funds should be budgeted by NBS and appropriated by the Federal Government to implement above recommendations.

7.   Questionnaire design and validation

The quality of data collected from a survey is greatly influenced by the quality of the instrument used in collecting such data. Hence, appropriate attention must be paid to questionnaire design and validation. In terms of design, the questionnaire should be detailed enough as to have all necessary questions embedded in the instrument and at the same time should not be too bulky as to discourage respondents. The questionnaire should also be validated by stakeholders to ensure credibility of the data collected through the administration of the questionnaire and also piloted to ensure optimal logic of the questionnaire. While the sub-committee found the questionnaire to satisfy above conditions, the need to revisit the rural/urban dichotomy which forms the basis of the current questionnaire design is noted.

8.   Data collection

Data collection is the process of gathering data. Data collection encompasses such concepts as the type of interview used for data collection (paper-based or electronic-based), period used for data collection, quality control measures put in place and how non-response to LFS is treated.

The sub-committee's review of NBS process of data collection vis-à-vis other countries show that while all developed countries use electronic devices for data collection, its use by NBS in Nigeria is still limited. Aside from this, NBS is faced with the problem of inadequate staff at the State of zonal offices across the country thereby making NBS rely of ad-hoc staff for data collection. Inadequate staff and the use of ad-hoc staff have implications for timely completion of surveys while the use of ad-hoc staff may undermine the quality of data collected. The sub-committee looks at this seriously and recommends that staff strength in NBS be improved upon in terms of number and quality at the State levels. This is because most of the experienced and well-qualified staff are at the headquarters.

To ensure that quality data are collected by NBS nationally, zonal office managers and field supervisors are deployed to all states to monitor the activities of field enumerator. All LFS interviewers are under the supervision of a zonal office head and field supervisors who are responsible for ensuring that interviewers are familiar with the concepts and procedures of the LFS.

Finally, non-response to LFS questionnaire is a feature of LFS in Nigeria, just as it is in other countries of the world. However, non-responses (either unit non-responses or item non-responses) can be handled scientifically using standard statistical procedures. In addition to these statistical procedures, the sub-committee recommends that training and retraining of the field officers and their supervisors should be pursued with vigor as this will go a long way in reducing or eliminating non-responses in LFS.

9.   Timing and frequency of survey

In the review of other country experiences in developed world (USA, Canada and European countries), the sub-committee found that LFS are conducted on monthly basis while in some

developing African countries (e.g. Uganda) LFS is conducted annually. In Nigeria, NBS conducts LFS on quarterly basis. Due to inadequacy of staff, inadequate funds and other data processing infrastructure (like state of the art computers with relevant software), the sub-committee hereby recommends that LFS should be done quarterly while the timing of the survey should be mid-quarter of the reference quarter.

10.   Data processing

Data processing is another critical stage in the process of computing unemployment in Nigeria. In Nigeria, data from LFS are processed at the NBS national headquarters based in Abuja after the data has been captured and some preliminary cleaning done to the data at the State level. The major limitation of this approach is that once captured data are transferred to NBS headquarters in Abuja, it becomes extremely difficult to go back and correct whichever mistakes discovered in the data as the questionnaires are not sent with the captured data. It could also be typing errors which may be difficult for the programmer at the headquarters in Abuja to detect. Under this scenario, results generated may be biased. This is contrary to what obtains in countries like USA where LFS data are processed at the State level before final results are sent to the Federal level by the States for collation only. Therefore, the sub-committee recommends that data process of LFS should be decentralized. To achieve this, capacity inadequacy at the State and zonal offices must be addressed; inadequate data processing infrastructure must be addressed while adequate incentives must be given to NBS staff generally, given the strategic roles they are expected to play in the Transformation Agenda of Mr. President.

11.   Timing of release of data

Data release is the final stage of the whole process of conducting a LFS. Data release may take up to two months after LFS in current arrangement in NBS. This is sub-optimal and negates international best practices. To ensure that data are made available to policy makers and other stakeholders at the right time, the committee recommends that result of LFS should be released on or before 45 days after the end of the reference quarter.

6.0   CLOSING SESSION

6.1   COMMUNIQUE ISSUED BY THE COMMITTEE ON THE REVIEW OF THE DEFINITION AND METHODOLOGY FOR THE COMPUTATION OF UNEMPLOYMENT STATISTICS IN NIGERIA

1. **Background**

The National Bureau of Statistics (NBS), by the Statistics Act of 2007 as amended, is mandated to compile and disseminate official statistics for Nigeria and coordinate the compilation of Statistics from the MDAs at national and the sub-national levels. It is also tasked with ensuring that appropriate standards are used in the compilation of official statistics, and reviewed when deemed necessary to ensure compliance with international best practices in the collation of national statistical data.

In line with the mandate of the Bureau, the Statistician General of the Federation (Dr. Yemi Kale) inaugurated a National Stakeholders Committee on Monday, 8thSeptember, 2014 to review the definition and methodology for computing the unemployment statistics in Nigeria.

In attendance were representatives from, among others:
- Federal Government Ministries, Departments and Agencies
- Development Partners
- The Academic Community
- The Organised Private Sector
- Civil Society Groups
- The Media and
- The Organised Labour.

2. **Objectives/ Terms of Reference (TOR)**

The Objectives/Terms of Reference:
- To determine the appropriateness or otherwise of the current definition and methodology for computing unemployment statistics as applied by NBS and proffer a suitable definition and methodology for Nigeria in line with internationally agreed standards.
- To prepare and submit a report on the findings and recommendations of the Committee to NBS for ratification by the National Consultative Committee on Statistics (NCCS).

3. **Scope of Work**

- Review current definitions of key terms and concepts.
- Identify key concepts for computing the unemployment rate
- Specify measurement of concepts
- Review survey design
- Identify sources of data
- Recommend appropriate sample size

- Review existing questionnaire and data collection methods
- Review timing and frequency of survey
- Review data processing procedures
- Examine the timeliness of data release.

4.   Observations

Following deliberations, the Committee made the following observations that:

- some concepts and definitions are found to be appropriate, while others need some modifications
- measurement concepts also need modifications
- the sample size selected for the labour force survey is considered small to achieve the expected data disaggregation that will ensure informed decisions
- the use of electronic devices for data collection is limited in Nigeria compared to other developing countries
- data processing facility is non-existent in NBS State offices
- there is inadequate number of staff in the agency for data collection.

5.   Recommendations

The Committee recommends as follows:

A. Definitions, Concepts and Measurement

- The concepts of Employment, Unemployment and Underemployment were modified as follows:
    - ✓ Those in employment are persons who worked 20 hours and above in the reference week
    - ✓ The unemployed are persons who did nothing or worked less than 20 hours in the reference week
    - ✓ Those underemployed are persons who worked between 20 to 39 hours in the reference week.

- There is the need for NBS to disaggregate the labour force data on employment and unemployment to capture employment and categories of underemployment.

- Labour market dynamics should be captured in the survey instrument.

- There is the need for NBS to consider implementing the Labour Market Information System (LMIS) approach in the capture of Labour Force Statistics.

- It is recommended that public awareness on the derivation and measurement procedure precede data release.

B. Methodology

- Sampling frame
  - ✓ The Enumeration Areas used in the master sample of NBS, should be updated regularly to ensure appropriate survey sampling frame.
- Sources of data
  - ✓ National Bureau of Statistics (NBS) should continue to use Labour Force Survey (LFS) as the primary source of data for computing unemployment statistics for Nigeria.
- Appropriate sample size
  - ✓ NBS should increase its sample size from current size of about 1000 to 2000 Households per State so that meaningful levels of data disaggregation could be achieved to satisfy the needs of numerous end users. NBS could, however review this number in-house to determine the appropriate sample size in line with required number of variables to be disaggregated.
- Level of Analysis
  - ✓ Rural/urban dichotomy which forms the basis of the current data collection and presentation format should be revised to allow a greater degree of disaggregation.
- Data collection
  - ✓ Effort should be made to use electronic data collection devices. Training and retraining of field officers and their supervisors should be pursued with vigour as this will go a long way in improving the quality and timeliness of labour force survey.
- Timing and frequency of survey
  - ✓ LFS should be done quarterly while the timing of the data collection should be mid-quarter of the reference quarter.
- Data processing
  - ✓ The data processing of LFS should be decentralised. To achieve this, capacity inadequacy at the state and zonal offices should be addressed. Also, data processing infrastructure should be upgraded while operatives should be properly remunerated.
- Funding
  - ✓ In view of the recommended methodology and expanded data requirements, labour force survey should be adequately funded.

- Timing and release of data
  - ✓ The result of unemployment statistics should be released within 45 days after the end of the reference quarter. Similarly, adequate dissemination of generated data by NBS is recommended to reduce misinformation by other "data-generating agencies."
- Sensitisation workshop
  - ✓ There should be a sensitization workshop involving all the key stakeholders for the adoption of these recommendations.

C. Coordination Mechanism

The sub-committee on labour statistics under National Consultative Committee on Statistics (NCCS) should be resuscitated.

6. Appreciation

The Committee appreciates the Statistician General of the Federation for this giant stride in methodological improvement for the unemployment statistics.

7. Conclusion

The workshop is timely and we hope that the outcome will be put to use judiciously.

6.2   ADOPTION/SIGNING OF COMMUNIQUÉ

The reports of the two sub-committees were harmonized into a Communiqué. The Communiqué was adopted and signed by all the members of the Committee for the review of the definition and methodology for computing unemployment statistics in Nigeria.

6.3   CLOSING STATEMENTS BY THE CHAIRMAN OF THE COMMITTEE FOR THE REVIEW OF THE DEFINITION AND METHODOLOGY FOR COMPUTING UNEMPLOYMENT STATISTICS IN NIGERIA

At the end of workshop, Prof. Sarah Anyanwu, the Chairman of the Review Committee gave the closing remarks. She congratulated the participants for the successful outcome of the National Workshop on review of the definition and methodology for the computation of unemployment statistics in Nigeria. She hoped that the recommendations and conclusions of the workshop would be implemented. She thanked all the participants for their efforts and wished them safe journey to their various destinations.

7.0 APPENDICES

7.1 List of Participants

S/N	NAME	ORGANIZATION	PHONE NO.
1	PROF. SARAH ANYANWU	UNI ABUJA	08036130284
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41	J.B. COKER		
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43	AKINLEYE S.O.	UNILAG	
44	MBAKA D.G	CBN	08164644777
45	BASSEY UDO	PREMIUM TIMES	07032308000
46	OLAIYAN R.O	CBN	08023137335
47	AMEH EJEH	FMLNP	08064486698
48	M.M. TUMALA	NSA	
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50	UBA IBRAHIM	CBN	08063051112
51	NWOHU OBIKE C.	POPULATION	08055500375

7.2   Working Programme

DAY ONE: 8TH SEPTEMBER, 2014	
9:30 – 10:00am	**ARRIVAL AND REGISTRATION OF PARTICIPANTS**
10:00 – 11:30am	**Opening Ceremony:** National Anthem **Welcome Address:** B. O. Amobi, The Director, Demography and Social Statistics Department NBS **Goodwill Messages:(i)**Central Bank Of Nigeria **(ii)**Ministry Of Labour And Productivity; **(iii)**Resident Representative, ILO **Keynote Address and Inauguration of Committee:** Dr.Yemi Kale, The Statistician General of the Federation **Remaks:** Prof**.** Sarah Anyanwu, The Chairman of the Committee **Vote of Thanks:** I. A. Olarewaju, Head of Department, Real Sector &Household Statistics, NBS.
11:30 – 12:00 noon	**TEA/COFFEE BREAK**

12:00 – 2:00pm	**Business Session I**
	
	Chairman: Dept. Economics, University of Abuja, Prof. Mrs. Sarah Anyanwu
	
	(1)*Presentation of NBS-LFS: Definition, Concepts and Methodology of Computing Labour Force Statistics in Nigeria*by I.A. Olarewaju, Head of Department, Real Sector & Household Statistics, NBS.
	
	    i. Rapporteurs
	    ii. Discussant

2:00pm-3:00pm	**LUNCH**
3:00- 5:00pm	**Business Session II** **Chairman:** Dept. Economics, University of Abuja, Prof. Mrs. Sarah Anyanwu **(2)***Presentation on the: Definition, Concepts and Methodology of Computing Labour Force Statistics* by Country Representative, ILO.

	i. Rapporteurs ii. Discussant

5:00-5:15pm	**Formation of Syndicate Groups:**
	   i. **Definition:** Definition of Terms and Concepts
	   ii **Methodology:** Methodology for computing Labour Force Statistics
	Closing Remark

D A Y T W O: 9TH SEPTEMBER, 2014	
9:30am –10:00am	Recap of DAY ONE Activity
10:00am – 11:30am	**Syndicate Groups discussion**
11:30 – 12:00 noon	**TEA/COFFEE BREAK**
12:00am –1:00pm	**Syndicate Groups discussion Continues**
1:00pm-2:00pm	**LUNCH**
2:00pm-5:00pm	**Syndicate Groups Presentations**
D A Y THREE: 10TH SEPTEMBER, 2014	
9:30am –10:00am	Recap of DAY TWO Activity
10:00am – 11:30pm	**Harmonization of positions**
11:30 – 12:00 noon	**TEA/COFFEE BREAK**
12:00am –1:00pm	**Communiqué**
1:00pm-2:00pm	**LUNCH**
2:00pm-3:00pm	**Adoption/Signing of Communiqué**
3:00pm-4:00pm	Wrap-Up/Closing Session