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YOUTH UNEMPLOYMENT AND RISING INFLATION IN NIGERIA: A CALL FOR SUSTAINABLE ECONOMIC EMPOWERMENT STRATEGIES

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Abstract

Nigeria is facing a dual economic challenge: persistently high youth unemployment and escalating inflation. This paper explores the interconnectedness of these two critical issues and argues that without sustainable economic empowerment strategies targeting youth, the nation risks deepening its socio-economic crisis. Drawing on current data and policy reviews, the paper presents an overview of Nigeria's economic situation, highlighting how inflation reduces the purchasing power of households and hampers job creation, particularly for the youth. It examines the cyclical relationship between youth unemployment and inflation- where rising costs limit opportunities and joblessness which further exacerbates poverty and inflationary pressure. The paper also discusses the socio-economic consequences of these trends, such as increased crime rates, youth migration, social instability, and weakened national productivity. It critiques existing government interventions such as N-Power and the Youth Empowerment Fund, identifying systemic challenges like corruption, poor implementation and inadequate funding. To break this cycle, the paper proposes a set of sustainable strategies: promoting skills acquisition and vocational education aligned with market needs, improving access to youth-friendly credit and grants, supporting entrepreneurship and innovation, fostering public-private partnerships, and ensuring inclusive economic policy reforms. The paper makes a strong case for placing youth at the center of Nigeria's economic recovery agenda by advocating for inclusive, practical, and scalable interventions. It concludes with a call to action for policymakers, private sector stakeholders, and development partners to prioritize sustainable empowerment strategies as a pathway to stability, economic growth, and long-term national development.

Keywords: Youth Unemployment, Inflation, Economic Empowerment, Sustainable Strategies, N-Power.

Introduction

Nigeria, Africa's most populous nation, is currently grappling with two significant macroeconomic challenges- youth unemployment and rising inflation- that continue to erode its economic

foundation and threaten national stability. Despite being richly endowed with natural and human resources, Nigeria's economy has persistently struggled with job creation, especially for its youthful population, even as inflation steadily diminishes purchasing power, living standards, and business competitiveness. The convergence of these two economic adversities has compounded socio-economic distress and widened the gap between the privileged and the marginalized, especially among young people. According to the National Bureau of Statistics (NBS, 2023), Nigeria's youth unemployment rate stood at 53.4%, representing more than half of its youth workforce aged between 15 and 34 years. This alarming figure is further compounded by the country's inflation rate, which climbed to 28.9% in December 2023, driven by food price hikes, fuel subsidy removal, naira devaluation, and persistent insecurity disrupting agricultural production. Inflation not only reduces the real value of wages but also weakens consumer demand, discourages investment, and further constrains the labor market. However, inflation increased to 32.70% in September, 2024 and further rise to 33.88% in October same year. Contrary to this upward trend in inflation, youth unemployment dropped from 8.40% in the second quarter of 2024 to 6.50% in the first quarter of the same year. Yet projections for 2025 shows that youth unemployment in the country will remain between 6.8% to 8.2% as inflation dropped to 23.71% in April, 2025 and further declined to 22.97% in May same year.

The interplay between youth unemployment and inflation presents a vicious economic cycle: high inflation leads to rising costs of living, which deters employers from expanding their workforce, thereby increasing unemployment. Conversely, a large pool of unemployed youth limits economic productivity and growth, weakening the state's ability to implement effective monetary and fiscal policies to tame inflation. This dual crisis has serious implications (not just for the economy) but also for national security, public health, and the country's long-term development.

While the Nigerian government has introduced various youth empowerment programs such as N-Power, Youth Entrepreneurship Support (YES), and YouWin, their impact has been limited due to poor implementation, inadequate funding, lack of coordination, and the absence of long-term sustainability frameworks (Adebayo, 2022; Eze & Oladipo, 2023). Many of these interventions are reactive and politically driven, lacking strategic alignment with the broader structural challenges facing Nigeria's economy. Meanwhile, the private sector and non-governmental organizations have made commendable efforts in promoting youth skills training and entrepreneurship, yet such initiatives remain insufficient in scale and reach to meaningfully reverse current unemployment trends. Nigeria's economic future is intricately tied to how it responds to the pressing challenges of youth unemployment and inflation. Without decisive action, the nation risks further economic stagnation, increased social unrest, and a deepening cycle of poverty.

Youth Unemployment and Inflation

The economic realities of youth unemployment and inflation are complex, yet they are deeply interconnected in Nigeria's macroeconomic landscape. Understanding the relationship between these two critical issues is essential for designing effective policies and interventions. While each presents its own set of challenges, their convergence creates a compounded crisis that disproportionately affects the youth and undermines national development. Youth unemployment refers to the situation where individuals between the ages of 15 and 34 are willing and able to work but cannot find suitable employment. In Nigeria, this phenomenon has reached alarming levels. According to the National Bureau of Statistics (NBS, 2023), more than half of Nigeria's youth

population is either unemployed or underemployed. This figure includes graduates, school leavers, and vocationally trained individuals who, despite their qualifications, are unable to secure decent work. The situation is even direr in rural areas, where opportunities are fewer and access to resources such as training, capital, and information is limited. Contributing factors to youth unemployment in Nigeria are many but notable among them is inflation. Inflation, defined as the persistent increase in the general price level of goods and services over time, has also posed a serious threat to economic stability in Nigeria. Recent data from the NBS (2023) shows that Nigeria's inflation rate rose to 28.9% as of December 2023, driven primarily by food inflation, currency depreciation, energy cost spikes, and disruptions in domestic production. Food inflation alone exceeded 33%, disproportionately impacting low-income and unemployed populations, including the youth, who spend a larger share of their income on basic necessities.

Inflation reduces the purchasing power of consumers, erodes savings, discourages investment, and increases the cost of doing business. For unemployed youths, this creates a triple burden: the inability to earn income, rising living costs, and limited entrepreneurial opportunities due to high input prices. These factors combine to create economic disillusionment and a sense of hopelessness, especially among educated but idle youth. The link between youth unemployment and inflation is both direct and indirect, forming a mutually reinforcing cycle. One of the theoretical foundations explaining this relationship is the Phillips Curve, which suggests an inverse relationship between inflation and unemployment. However, in the Nigerian context, both high inflation and high unemployment coexist- a situation known as stagflation. This anomaly reflects structural weaknesses in the economy, such as dependence on imports, low productivity, poor infrastructure, and policy inconsistencies (Akanbi & Okeke, 2021). High inflation discourages firms from expanding due to uncertain costs and weak consumer demand, thereby limiting job creation. At the same time, high unemployment weakens overall economic demand, which should theoretically lower inflation, but in Nigeria's case, supply-side constraints like fuel scarcity, logistics challenges, and insecurity drive prices upward regardless of consumer demand levels. The result is a stagnant economy in which inflation persists alongside high levels of youth unemployment. Furthermore, inflation undermines the effectiveness of any income earned by young people, particularly in the informal sector where wages are low and unregulated. For those attempting self-employment, inflation raises startup costs, reduces profit margins, and limits scalability. Consequently, many youths find themselves trapped in a cycle of economic inactivity or unsustainable livelihood strategies, increasing their vulnerability to exploitation, crime, and political manipulation.

The dual crisis of inflation and youth unemployment threatens not only economic growth but also social cohesion. A large population of unemployed and economically marginalized youth poses significant risks to national security, as they become susceptible to radicalization, banditry, and involvement in organized crime (Ibrahim & Yusuf, 2022). Moreover, the erosion of purchasing power caused by inflation means that even employed youths are not immune from hardship, leading to widespread disaffection and potential civil unrest. Addressing this crisis requires policymakers to view inflation and unemployment not as isolated issues but as interconnected challenges demanding integrated responses. Strategies such as targeted subsidies for youth-led enterprises, investment in agro-industrial value chains, and monetary policies that stabilize the naira without stifling productive sectors are essential. Understanding the linkage between inflation and unemployment helps illuminate the urgent need for coordinated fiscal and macroeconomic planning, especially in a youthful and volatile demographic context like Nigeria.

Socio-Economic Consequences of Youth Unemployment and Rising Inflation

Youth unemployment and rising inflation are dual socio-economic challenges that significantly impede both individual advancement and national development in Nigeria. At the individual level, the lack of stable and gainful employment among young people leads to a decline in living standards, frustration, and loss of self-worth. With inflation eroding the purchasing power of income, even those with jobs struggle to meet basic needs. For the unemployed, the situation is dire—they face increased vulnerability to poverty, food insecurity, homelessness, and social marginalization (NBS, 2023). The combined effect of unemployment and inflation fuels a rise in crime rates. Disillusioned and desperate youths are more likely to engage in illegal activities such as cybercrime, drug trafficking, armed robbery, and kidnapping. This not only threatens societal peace and security but also burdens the criminal justice and law enforcement systems (Adebayo, 2013). Moreover, youth who feel economically excluded may become susceptible to political manipulation and recruitment into violent or extremist groups, leading to increased social unrest and instability in the country (Igbuzor, 2011). Migration, both internal and international, is another direct consequence. A significant number of Nigerian youths migrate to urban centers or overseas in search of better opportunities, often risking their lives in dangerous journeys through the Sahara Desert and the Mediterranean Sea. This brain drain results in the loss of skilled and semi-skilled human resources, which could have been harnessed to drive national development (Akinyemi, et al., 2012). At the same time, the over-concentration of youth in urban areas without corresponding job creation and infrastructural support leads to urban congestion, housing shortages, and strained public services. Low productivity is another profound effect of youth unemployment and inflation. With a large segment of the population idle or underemployed, the country fails to fully utilize its human capital potential. Inflation further discourages investment in business and entrepreneurship, reducing output levels across sectors such as agriculture, manufacturing, and services (World Bank, 2022). This stagnation in productivity undermines economic growth and weakens Nigeria's competitiveness in the global market.

The long-term implications of persistent youth unemployment and inflation in Nigeria are grave and far-reaching. One of the most significant consequences is the diminishing of human capital. When young people are unemployed for extended periods, their skills become obsolete, and their motivation to seek employment diminishes. The lack of access to decent jobs also discourages investment in education and skill acquisition, leading to a generation that is ill-equipped to meet the demands of the labor market (Ogunlela, 2020). A weakened human capital base has direct implications for the country's economic growth. Without a skilled, productive, and motivated workforce, economic development becomes unsustainable. The economy becomes heavily dependent on imports and foreign aid, while sectors that could generate employment and revenue (such as agriculture, manufacturing, and technology) remain underdeveloped (International Labour Organization [ILO], 2021). The rising dependency ratio is another long-term concern. When a significant proportion of the population is not economically productive, the burden of care falls on the employed minority and the government. This situation is unsustainable, particularly in a country like Nigeria with a rapidly growing population. Increased dependency strains public resources and social welfare systems, and limits the capacity for infrastructure development, healthcare delivery, and educational investment (United Nations Development Programme [UNDP], 2022). Furthermore, the erosion of trust in government institutions may result from the perceived failure to address these economic challenges. Youths may become disengaged

from civic participation, further weakening democratic governance and social cohesion. The loss of faith in the system can foster apathy or radical opposition, threatening political stability and national unity (Emeh, 2012).

The socio-economic consequences of youth unemployment and rising inflation in Nigeria are interconnected. They threaten not only the immediate welfare of the youth but also the long-term stability and prosperity of the nation. Addressing these issues requires urgent and comprehensive economic empowerment strategies that focus on education, skills development, entrepreneurship, job creation, and inflation control. Only through inclusive and sustainable economic policies can Nigeria harness the potential of its youth and steer the country toward long-term development and stability.

Existing Government Interventions: Gaps and Challenges

Over the past two decades, the Nigerian government has implemented several policies and programs aimed at tackling youth unemployment and fostering economic empowerment. These initiatives, while laudable in intent, have often struggled to achieve their objectives due to systemic weaknesses. One of the most prominent interventions is the N-Power Programme, launched in 2016 under the National Social Investment Programme (NSIP). Designed to provide temporary employment, skills acquisition, and capacity building for unemployed graduates and non-graduates, N-Power targeted areas such as education, health, agriculture, and technology (National Social Investment Office [NSIO], 2017). While millions of youths benefited from stipends and training, the program's long-term sustainability and ability to secure permanent employment for beneficiaries remain in question. Similarly, the Youth Empowerment Fund (YEF) was created to support youth-owned businesses through grants and training. Although this initiative aimed to encourage entrepreneurship, its impact has been limited due to poor coordination and lack of consistent funding (Iwayemi, 2013). Another key intervention is the Central Bank of Nigeria (CBN)'s series of youth-targeted schemes, including the Agric-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) and the Targeted Credit Facility (TCF) introduced in response to the COVID-19 pandemic. These programs offer loans and grants to young entrepreneurs and SMEs, especially in agriculture and non-oil sectors (CBN, 2021). While innovative, these efforts have not been evenly accessible across regions and often face bureaucratic bottlenecks.

Despite the proliferation of these programs, unemployment among Nigerian youths continues to rise. According to the National Bureau of Statistics (2023), youth unemployment reached over 42% in 2022, signaling disconnect between policy design and actual socioeconomic realities. The persistent inefficacy of youth empowerment interventions in Nigeria can be traced to several interrelated challenges. Corruption remains one of the most significant obstacles. Allegations of embezzlement, favoritism in beneficiary selection, and mismanagement of funds have undermined public trust and diminished the effectiveness of many initiatives (Transparency International, 2022). In some cases, funds earmarked for youth development are diverted for political patronage or remain unaccounted for. Poor implementation mechanisms further limit the success of these programs. Many initiatives lack clear performance indicators, monitoring frameworks, and feedback systems. This absence of accountability results in low impact and failure to address the needs of the most vulnerable youth populations, especially those in rural areas (Akinyemi, et al., 2012).

Another key issue is the lack of policy continuity. Successive governments often abandon or alter youth empowerment programs initiated by their predecessors. For instance, while N-Power initially gained traction, delays in stipend payments, lack of exit strategies, and uncertainty about program continuation have demotivated participants (Emeh, 2012). This inconsistency hampers long-term planning and discourages youth from engaging with such schemes meaningfully. Additionally, inadequate funding poses a severe limitation. Many programs are underfunded or experience delayed budgetary releases, making it difficult to reach the intended number of beneficiaries or provide quality support services (World Bank, 2022). Funding constraints are often exacerbated by broader economic instability and the inflationary pressures affecting the nation. The cumulative effect of these challenges is the failure to translate government intentions into tangible outcomes. As a result, the youth population continues to grow disillusioned, with many turning to informal or illicit means of survival. Without a strategic overhaul that emphasizes transparency, inclusiveness, and sustainability, current interventions may only offer temporary relief rather than long-term solutions. While the Nigerian government has initiated several promising programs to address youth unemployment, systemic flaws such as corruption, poor implementation, discontinuity, and underfunding have significantly undermined their success. There is an urgent need for a more coherent, well-funded, and transparent approach to economic empowerment that aligns with the realities of inflation and the expanding youth demographic. Collaborative efforts involving government, private sector, and civil society are essential for building resilient structures that support meaningful youth engagement and sustainable development.

Proposed Sustainable Economic Empowerment Strategies

The persistent challenges of youth unemployment and inflation in Nigeria demand comprehensive, forward-thinking, and sustainable strategies. To move from reactive interventions to long-term solutions, it is essential to empower Nigerian youths with the tools, support systems, and enabling environments they need to thrive in a competitive and evolving global economy.

Promoting Skills Acquisition and Vocational Education: One of the most effective strategies to address youth unemployment is the promotion of skills acquisition and vocational education. Traditional education systems in Nigeria often emphasize theoretical knowledge over practical skills, leading to a mismatch between graduates' competencies and market demands. Therefore, realigning educational and vocational training curricula to match current industry needs and technology trends is essential (Okolie, et al., 2019). Technical and vocational education and training (TVET) should be repositioned as a central pillar of national development. Skills in digital technology, renewable energy, agri-tech, health services, and construction are increasingly valuable in Nigeria's changing labor market. Public and private training centers should adopt competency-based models and integrate digital tools to deliver scalable and relevant training to urban and rural youth alike (UNESCO, 2022).

Enhancing Access to Youth-Friendly Credit and Grants: Access to capital remains a major barrier for aspiring young entrepreneurs. Conventional financial institutions often require collateral and offer high interest rates, which are prohibitive for youths. To overcome this, the government and financial stakeholders should scale up youth-friendly credit and grant schemes, including microfinance programs, low-interest loans, and cooperative models. Community-based financing

through youth savings groups, credit unions, and cooperative societies has shown promise in promoting financial inclusion. These models can be further supported through capacity-building on financial literacy and business planning. The expansion of credit facilities like the CBN's AGSMEIS and the NIRSAL Microfinance Bank's youth entrepreneurship loans must be made more transparent, equitable, and decentralized to reach underserved communities (CBN, 2021).

Strengthening Entrepreneurship and Innovation Ecosystems: To build a resilient economy, Nigeria must invest in entrepreneurship and innovation ecosystems that support youth-led businesses from ideation to scale. This includes establishing innovation hubs, business incubators, and accelerators that offer mentorship, seed funding, and workspace. Additionally, digital platforms can be leveraged to connect young entrepreneurs with markets, supply chains, and investors. Rural enterprise development should not be neglected. Supporting agro-based entrepreneurship, processing industries, and small-scale manufacturing in rural areas will not only reduce youth migration but also stimulate inclusive local economic development. Furthermore, digital literacy and e-commerce training are vital to ensure that Nigerian youth can tap into the growing digital economy.

Public-Private Partnerships: Public-private partnerships (PPPs) are critical for bridging the skills gap and creating sustainable employment. Governments must collaborate with private sector actors to co-design and implement training programs aligned with industry needs. This includes apprenticeship schemes, internship placements, and job-matching services that ensure youth are employable upon completion of training. Industries can also support capacity development by investing in skill centers, offering certification programs, and participating in curriculum development. For instance, sectors such as ICT, agriculture, and renewable energy present vast opportunities for PPP-led job creation initiatives that integrate youths into emerging value chains (ILO, 2021).

Policy Reforms for Inclusive Economic Planning: To ensure the long-term effectiveness of economic empowerment strategies, there must be policy reforms that promote inclusive and youth-centered planning. Young people must be involved in decision-making processes that affect their economic future. This includes creating advisory bodies, youth parliaments, and consultative platforms that integrate youth voices in policy formulation, implementation, and evaluation (UNDP, 2022). Governments at all levels should institutionalize youth representation in national economic councils and budgeting processes. Moreover, policies must be aligned with demographic realities, gender equity, and regional inclusion. For example, targeted support for young women, persons with disabilities, and rural youth will ensure that no demographic is left behind in the pursuit of national development.

Conclusion and Recommendations

Youth unemployment and rising inflation remain two of the most pressing challenges confronting Nigeria today. This paper has highlighted how the combination of limited job opportunities, a growing youth population, and soaring costs of living continues to erode economic stability and social cohesion. It has also emphasized the inadequacy of short-term palliatives and emphasized the urgent need for long-term, sustainable economic empowerment strategies. Without such targeted interventions, Nigeria risks facing a deepening crisis that not only marginalizes its youth

but also threatens national development and peace. Therefore, there is an urgent call to action for policymakers, stakeholders, and development partners to implement inclusive, practical, and scalable solutions. These must focus on skills development, entrepreneurship, access to credit, and job creation across key sectors while addressing inflation pressure in the economy. Empowering the youth is not just a moral and economic imperative, it is essential for Nigeria's future prosperity and stability. The following recommendations were provided by the paper in order to ensure a robust sustainable economic development in Nigeria:

- i. The government should take measure to tackle the inflationary pressure in the country as a way of boosting consumer demand as well as private sector confidence in the economy.
- ii. Sustainable microcredit and grant schemes should be developed to empower youth entrepreneurs. Government agencies, banks, and development partners must ensure that youth-friendly loan policies with low interest rates and minimal collateral requirements are accessible to young innovators and startups.
- iii. Given Nigeria's vast agricultural potential, policies should focus on attracting youth to agribusiness by offering modern tools, training, land access, and market linkages. This approach would create employment while enhancing food security and reducing inflation caused by high food prices.
- iv. The government must ensure that economic reforms and policies are inclusive of youth concerns. Reducing corruption, simplifying business registration processes, and improving infrastructure will create a more enabling environment for youth employment and investment.

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