

# UNPACKING NIGERIA'S POLICY RESPONSE TO YOUTH UNEMPLOYMENT

## The Youth Enterprise with Innovation in Nigeria (YOUWIN) as Case Study

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Case Study  
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### SYNOPSIS

Arguably, youth unemployment remains one of Nigeria's biggest challenges at the turn of the millennium. In comparison with unemployment figures from 2007 to 2011, unemployment has risen from 12.7% to 23.9%<sup>i</sup> in just 4 years. With a population of 168.8 million<sup>ii</sup>, Nigeria's unemployment rate of 23% translates to 38.824 million people across the country. This figure is larger than the population of Malawi (15.3 million), Zambia (14.1 million), Sierra Leone (5.8 million), and The Gambia (1.8 million) put together. As part of the effort to solve the unemployment challenge, the Nigerian Federal Government has crafted a number of policies and initiatives aimed at creating employment for different categories of youth in Nigeria. This case study analyses one of the most prominent initiatives in this domain: the Youth Enterprise With Innovation in Nigeria (YOUWIN) is a business plan competition and a grant program that rewards 6,000 semi-finalists yearly with trainings around entrepreneurship and business planning and eventually 1,200 finalists with seed grants to implement their business proposals. This initiative is targeted at educated and skilled Nigerian youth. Despite the recorded successes of the YOUWIN program in Nigeria, including providing business grants to an estimated 24,000 beneficiaries and training over 12,000 semi-finalists, the program is still faced with specific challenges. Some of the challenges include the elitist nature of the competition, with only web-based applications, despite an internet penetration rate of 28% in Nigeria. Another challenge is that the YOUWIN program is meant for youth, however, applicants have to be in the age bracket between 18 and 45 years, which is 10 years above the youth age (18 – 35) as defined by Nigeria's National Youth Policy. The case study points out a few policy recommendations including exploring other channels beyond the internet to enable young people especially in rural areas to participate in the competition. The study also recommends that the Government should review the number of beneficiaries upward considering the high rate of unemployment in Nigeria.

### Introduction<sup>1</sup>

The spate of youth unemployment in Nigeria has reached an alarming stage and this is largely driven by a growing youth bulge in the country, which can be seen either as a blessing or a curse, depending on how it is addressed by the Government. Onno Ruhl describes the situation more clearly when he writes in a blog post for the World Bank that 'Nigeria has 100 million people under 30, almost equivalent to the populations of Egypt, Tunisia and

Libya combined. It has 75 million people under 20. In the 15-24 year age bracket, unemployment is estimated to be 46%, and most shockingly, every year, about 1 million aspiring students pass Nigeria's Joint Admission Board's entrance exam, but only 200,000 of them actually gain admission that same year'<sup>iii</sup>. To further emphasize the size of the problem, the Ministry of Interior conducted a job recruitment exercise into the Nigerian Immigration Service in March 2014. Over 500,000 Nigerians applied for a job into the service despite the fact that there were only 5,000 positions available. Sadly, the recruitment exercise led to the death of 16 job-seekers who lost their lives during the stampede at recruitment centers nationwide<sup>iv</sup>.

<sup>1</sup> This study has been prepared by Rotimi Olawale in anticipation of the "Youth for Results Knowledge and Training Event" (Tunis, April 2<sup>nd</sup>-4<sup>th</sup> 2014).

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In response to this huge challenge, the Government of Nigeria is currently implementing, as part of its overall response strategy, two key projects to deal with the unemployment challenge, one of which is YOUWIN.

## Presentation of the case study

The Youth Enterprise with Innovation in Nigeria (YOUWIN) Program is a collaboration between the Ministry of Finance, the Ministry of Communication and Technology (CT), the Ministry of Youth Development, and the Ministry of Women Affairs and Social Development. This collaboration gave birth to the annual Business Plan Competition (BPC) for aspiring young entrepreneurs in Nigeria, in line with the Federal Government's drive to create more jobs for Nigerians.

The main goal of the YOUWIN Program is to generate jobs by encouraging and supporting aspiring entrepreneurial youth in Nigeria to develop and set in place business ideas that will lead to job creation. The program provides aspiring youth with a platform to showcase their business acumen, skills and aspirations to business leaders, investors and mentors in Nigeria.

The specific objectives of the YOUWIN program, as listed on its website, are as follows:

- To attract ideas and innovations from young entrepreneurial aspirants from universities, polytechnics, technical colleges, and other post-secondary institutions in Nigeria;
- To provide a one-time equity grant for 1,200 selected aspiring entrepreneurs to start or expand their business concepts and mitigate start-up risks;
- To generate 80,000 to 110,000 new jobs for currently unemployed Nigerian youth over the three years during which the three cycles will be implemented;
- To provide business training for up to 6,000 aspiring youth entrepreneurs spread across all the geopolitical regions in Nigeria;

- To encourage the expansion, the specialization and spin-offs of existing businesses in Nigeria; and,
- To enable young entrepreneurs to access a wide business professional network and improve their visibility.

The YOUWIN program starts with a call for submission of business plans, using the web portal specifically for the project ([www.youwin.org.ng](http://www.youwin.org.ng)). In the first cycle, more than 50,000 applications were received. The plans were then evaluated and 6,000 applications were selected, equally representing the different geographical regions of the country, but according to the quality of their business plans, the number of persons the business will employ if funded and a number of other criteria.

The 6,000 semi-finalists are then been invited to be trained, on the rudiments of business planning, proposal writing, budgeting etc. and they are expected to use the lessons learnt to beef-up their business plans and re-submit them before the final due date. Out of the 6,000 trained, 1,200 finalist are selected at each cycle to receive a grant between 1 million (USD 5,900) and 10 million Naira (approx. USD59,000) based on the evaluation of their business needs.

Since the money is a grant and not an investment or a loan, it is released in phases. The finalists receive an initial percentage of the grant that is enough to complete the first phase of their business. Supervisors are deployed to the field to ascertain if the money allocated to the finalists is used specifically for what they stated in their plans and then give the go-ahead for the next tranche to be released until the whole grant is fully disbursed.

The first edition of the YOUWIN program was formally launched on October 11<sup>th</sup> 2011 by the President of Nigeria, H.E. Goodluck Jonathan. At the first stage of the competition, 23,821 aspiring entrepreneurs applied by completing applications

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on the online portal before the expiration of the deadline. The Pan African University (now Pan Atlantic University) marked the business plans while quality assurance was provided by the Plymouth Business School. The best 6,000 candidates were selected as semi-finalists. The 6,000 semi-finalists were trained in small and medium enterprises management and business plan development at boot camps in six different locations spread across the country.

According to the newsletter published by the YOUWIN program, 4,513 applicants successfully completed the 2<sup>nd</sup> stage of their business plans online before the deadline. The Pan African University also scrutinized this while the Plymouth Business School provided quality assurance. Zonal panels of experienced entrepreneurs were convened to select the top-performers in each zone. At the end, 1,200 winners were selected.

Overall, agriculture, information technologies and telecom services, food and drinks manufacturing were the three most represented sectors among the winners of the first edition. Just over half of all award winners applied with an existing business and only 18% were female<sup>v</sup>. As a result of this, the Government announced that the second edition of the YOUWIN program will be dedicated only to women<sup>vi</sup>.

During the first round of the second cycle of the YOUWIN program, a total of 65,970 applications were received. Following the same process as in the first cycle, 6,000 semi-finalists were selected and trained across the country. Out of the 6,000 trained, 5,406 re-submitted their plans for the second stage, which was evaluated by the Pan African University and quality assurance was provided by the Plymouth Business School.

The Small and Medium Enterprises Agency of Nigeria (SMEDAN) and the British school for Startups collaborated with YOUWIN to monitor awardees and the implementation of their business plans.

In the second cycle, agriculture, food and restaurants, and education services accounted for 49.6% of the selected business ideas. Other areas include manufacturing, medical services and retail among others.

### Outcomes and overall assessment

Established in 2011, the YOUWIN program has completed 2 cycles with 12,000 direct beneficiaries. 6,000 semi-finalists were trained in each cycle while 1,200 finalists received grants to support their existing or new businesses at each cycle.

Differently from what usually happens with Government processes, where beneficiaries of Government interventions are mostly pre-determined and slots filled up with persons who have ties to Government, the YOUWIN initiative has successfully ran for 2 cycles without any scandal as the competition is rigorously supervised and the assessment conducted by a team of independent evaluators from all over the country. The project is supported by the World Bank and the Department of International Development (DFID) of the British Government, providing technical inputs. Beneficiaries are also subjected to a monitoring and evaluation process.

According to the figures released by the Government in December 2013, the finalists have created a total of 26,859 direct jobs in the second cycle<sup>vii</sup>. A further breakdown of the figures shows that 22,060 jobs were created from the YOUWIN 1<sup>st</sup> cycle, while the balance of 4,799 jobs has so far been created in the second cycle.

There are a number of criticisms on the YOUWIN program and they can be summarized as follows:

1. *The elitist nature of the YOUWIN program:* the YOUWIN program is seen as elitist as applications are strictly web-based. With an internet penetration rate of 28%<sup>viii</sup> in Nigeria, any potential young applicant without access to the internet is disenfranchised.

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2. *Grant versus loan/equity:* The YOUWIN program gives grants to its 1,200 winners at every cycle and not loans. This is worrisome as many analysts have queried that the business owners might not take the business seriously as they do not have anything to lose if the business fails, as they are not liable to pay back the grant to the Government. Closely linked to this is the fact that the initial sum dedicated to the program will continue to deplete and in the long run the YOUWIN program would become unsustainable for the Government.
3. *Number of beneficiaries at every cycle:* Considering the number of unemployed youth in Nigeria, the number of direct beneficiaries in the scheme (1,200) every year is small. Although, each beneficiary is expected to employ other young people, currently, there is no data available to show the number of jobs that has been generated by YOUWIN beneficiaries nationwide.
4. *The assumption that the challenges to innovation and entrepreneurship is funding and training:* The YOUWIN program is premised on the assumption that the main challenges to enterprises are funding and training and so it provides them to its beneficiaries. However, Nigeria operates in a very harsh business climate. Nigeria is currently ranked 147 out of 189 countries in the ease of doing business at a global scale by the *Doing Business Report* of the World Bank<sup>ix</sup>. For instance, starting a business in Nigeria requires 8 procedures and 28 days, compared for instance to Rwanda currently ranked 32<sup>nd</sup>, which requires only 2 procedures in 2 days to complete the process of 'starting a business'.
5. *Defining the age of beneficiaries:* Although the YOUWIN program was created to provide training and funding for youth businesses, the age classification of beneficiaries is beyond the definition of the youth age. The National Youth Policy in Nigeria defines youth as all young male and female aged between 18 and 35 years, who are citizens of the Federal Republic of Nigeria<sup>x</sup>. The African Youth Charter also

corroborates this definition as it clearly defines youth as between 15 and 35 years of age. It is curious to see a program targeting youth extending the age of qualification to 45 years. Though there are not enough data at the moment, it will be interesting to study the age of semi-finalists and find the percentage of semi-finalists and finalists within the 35 – 45 bracket and compare it with the 18 – 35 bracket.

## Conclusions

The YOUWIN program is an innovative project to help solve youth unemployment in Nigeria. However, considering the criticisms currently faced by the program, it is important that the Government revisits the way the project is currently designed:

1. Subjects of grants versus loan/equity, especially if one thinks of the sustainability of the project in the coming years.
2. Review the age qualification to focus only on youth: it is important that a project meant to tackle youth unemployment should focus solely on youth in order to create specific opportunities for youth. The age qualification for applying to the YOUWIN grants, which is extended beyond the age of 35, defined by the national youth policy, is not acceptable and should be reviewed as soon as possible.
3. The number of beneficiaries per cycle: it is important to scale-up the number of beneficiaries per cycle from 1,200 to 6,000 every cycle or to increase the number of cycles in a year from one to four in order to reach more beneficiaries and create more jobs for young people within Nigeria.

It would also be interesting to compare the YOUWIN initiative in Nigeria with similar programs across the African continent such as the Youth Development Fund in Zambia, the Youth Enterprise Development Fund in Kenya and the Youth Venture Capital Fund in Uganda. These are all programs initiated by African Governments to provide capital

either as grants, loans or equity to businesses led by young people in order to stem the rise of unemployment on the continent.

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This knowledge series is intended to summarize good practices and key policy findings on managing for development results. The views expressed in the notes are those of the authors.

Notes are widely disseminated and are available on the website of the Africa for Results initiative (AfriK4R), at: [www.afrik4r.org/page/resources](http://www.afrik4r.org/page/resources)

<sup>i</sup> Page 41, Table 2.7: Unemployment rates by state 2007 – 2011.

<sup>ii</sup> <http://www.worldbank.org/en/country/nigeria>.

<sup>iii</sup> <http://blogs.worldbank.org/governance/youth-and-governance-is-revolution-the-only-outcome>.

<sup>iv</sup> <http://sunnewsonline.com/new/?p=57258>.

<sup>v</sup> YOUWIN Newsletter Volume 1: April 2013.

<sup>vi</sup> <http://citizensplatform.net/2012/05/fg-to-launch-youwin-programme-targeted-at-women-dr-okonjo-iweala/>.

<sup>vii</sup> Page 4, YOUWIN Newsletter [https://www.youwin.org.ng/wp-content/uploads/2013/12/20131218\\_YouWiN-bulletin-updated.pdf](https://www.youwin.org.ng/wp-content/uploads/2013/12/20131218_YouWiN-bulletin-updated.pdf).

<sup>viii</sup> Study of International Internet Connectivity in Sub-Saharan Africa, Page 7. [https://www.itu.int/en/ITU-D/Regulatory-Market/Documents/IIC\\_Africa\\_Final-en.pdf](https://www.itu.int/en/ITU-D/Regulatory-Market/Documents/IIC_Africa_Final-en.pdf).

<sup>ix</sup> <http://www.doingbusiness.org/rankings>.

<sup>x</sup> Page 5, Second Nigeria National Youth Policy, 2009.