

WELCOME ADDRESS BY THE STATISTICIAN - GENERAL, NATIONAL BUREAU OF
STATISTICS (NBS), DR. YEMI KALE AT THE UNEMPLOYMENT METHODOLOGY
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PROTOCOL

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's briefing is in line with the National Bureau of Statistics' (NBS) renewed and deliberate efforts in the last few years to ensure availability of reliable and timely statistics which are necessary for policy-making and business decisions as well as give opportunity for data users like yourselves to ask questions and seek regular clarification on any issue. It is also consistent with our determination to ensure that data and the data methodology and production processes of the statistics bureau are properly understood and the results accurately reported and used in the public space. This briefing is also informed by our concern in recent times of the increased misunderstanding or misapplication of data. As the national institution by law responsible for all official data, the authoritative source and custodian of all official data and coordinator of the National Statistics Office, it is our responsibility to advocate for the correct processes, definitions and methodologies for producing and disseminating data as well as for the use of data for evidenced based policy and decision making. Accordingly, it is our responsibility to ensure data as important as it is for growth and development isn't mixed with ideology or emotions (either for or against). It is also our responsibility to ensure that the data produced is purely technical and devoid of sentiments, complies with international accepted norms, credible, reliable and understood. Data like mathematics, actuarial science and physics is a pure science and not a social one. It is therefore, factual and unemotional. One plus one will always be equal to two regardless of the social implications or circumstances surrounding its production and how we feel about it. It doesn't recognize the concept of "on the one hand and on the other hand". Its production is purely scientific. It is the interpretation of data by users that can be subject to emotion and social conditions. The job of the statistics office is however concentrated on the science, on method, on accuracy of measurement. Accordingly, we should never allow the statistics office or the statistics system to be subjected to interference or ideology.

In recent times there has been some scepticism expressed about data produced by the NBS especially when it appears positive. Only last week I observed a conversation on a social media platform

between two data users about some data and while one of them that has been following the progress NBS has been making in the last few years was speaking positively about a particular indicator and his believe that the NBS was producing such indicator honourably with an increasing level of professionalism, the other suggested he was the authority on NBS, after all he was a consultant working with NBS so he knows NBS well and can testify our data production systems have not improved. At this point I intervened and told him I was in charge of NBS and have been for the last 3 years and I have never met him or know him to work for NBS. At this point he replied that he worked with NBS as a consultant in 2003. Over a decade ago, before NBS was established (we were Federal Office of Statistics then) and that made him an expert on what NBS is doing today even though he had neither visited not followed NBS work since then.

Again as Nigerians we are generally suspicious and sceptical about of our government and anything government. This skepticism is understandable given that for a very long time in our national history, data users and the general public have been disappointed and in some cases misled about progress that eventually was proven to be inaccurate. Many of you will however have observed that data from NBS have been both positive and negative in recent years. As a developing country, it is expected that some indicators will reveal progress in some areas while others will reveal existing challenges. But the mandate of NBS is to identify those indicators whether positive or negative for proper planning and decision making by our government, the general public, development partners and NGOs or domestic and foreign investors. And this, you will observe is what we have always done. A more acceptable way to gauge whether the statistics office is being manipulated is see if all their data is positive and paints the government always in good light. When you see senior government officials and other influential members of society disagree with data from the statistics office and that statistics office doesn't immediately withdraw its data or reverse it then it is clear they are working independently. This scepticism is however welcome and encouraged by us at the National Bureau of Statistics as it enriches the debate and ensures we are kept on our toes and improve our processes. After all better and more intellectual debate and analysis of data yields better solutions to economic and social challenges and consequently better decision making. We want to emphasise that we understand that it is our responsibility and not data users and the general public to convince an understandably sceptical and cynical public that data produced or coordinated by the NBS is as accurate as possible, is reliable and credible and speaks to our local environment while at the same time meets with international best practices.

This informs our invitation to you today to enable you ask your questions and make clarifications. To give comfort to users and the general public on data produced at NBS we have often invited the press

and interested Nigerians to act as independent monitors during the process of collecting data. This we will continue to do and we will be extending this to other interested stakeholders. An NGO, Spaces for Change, for example, requested clarifications regarding jobs creation data from NBS and we not only responded to them but invited them to observe the work during the subsequent rounds. During the last job creation and unemployment we extended an invitation to members of the public to come and monitor the progress. A few indicated interest and spoke highly of the process while indicating a few challenges they advised us to improve. This is the kind of citizens' participation which is the bedrock of our approach to data production.

Why are we doing this? We are doing this not because we have to or have been told to but because we believe that the most important point of data is that it be used for evidence based decision making. However data that isn't trusted or understood will not be used or will be used wrongly and if it isn't used or used wrongly then what is the point? We may not have even bothered to generate the data in the first place as it will be a waste of resources.

Data collected through our regular surveys and via our system of administrative statistics around the country present 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. We would therefore continue to publish accurate and timely data, as well as seek more efficient and innovative ways of producing useful information to guide government policy and business decisions, and serve as a tool for the public to monitor the performance of government for the overall growth and development of Nigeria. Against this backdrop, we have embarked on a series of reforms in the way we we produce data and coordinate the statistics systems.

Furthermore, NBS in the last few years has embarked on a wide array of statistical reforms involving 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. Such methodological reviews is what led to the GDP rebasing last year. We have also done similar reviews to CPI which measures inflation and various other socio economic indicators. This is why we are here today. We want to update the public on the process of reviewing unemployment methodology.

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 week you will be classified

as employed under ILOs definition. Using this definition strictly, the unemployment rate in Nigeria for 2011 will be 2.2%. This isn't surprising given that most Nigerians re 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. A recent study by the Bill and Melinda Gates foundation for example rated Nigeria highest among countries for female entrepreneurs suggesting that 41percent of Nigerian women are entrepreneurs. In cognizance to this, NBS modified the ILO definition by adjusting the requirement for at least one of work a week to at least 40 hours a week. Using NBS's adjusted definition of unemployment, Nigeria 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 week. Some have suggested we use the ILO definition for unemployment as used in many other countries in the world for the purposes of international comparisons, while 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 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. The committee who worked on this revision include 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

Various non-governmental agencies including

- 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
- UNDP

Representatives from media house:

- 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 was 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 committee was chaired by the very experienced Professor Sarah Anyanwu

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 things taking my attention are put on hold. I feel it is our collective duty to take the challenges we face and turn it 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, we have to get our statistics right. We have to call things what they are technically and remove emotions and sentiments from data production. There are technical definitions for unemployment, for underemployment, for structural employment, for seasonal unemployment, for vulnerable employment and each has to be properly classified so that policy makers can address the real problems.

We need to know how many are unemployed and underemployed. How many are in seasonal, venerable and structural employment. I need to stress this point here that the definition of employment doesn't take your income or qualifications into account. Some have argued that a taxi driver is only employed if his skills and qualifications are in line with what they perceive as basic requirements required being a taxi driver. If an uneducated man is a taxi driver then he has a job but if a phd holder is a taxi driver then suddenly the activity of taxi driving is suddenly not a job. I'm sorry to say that taxi driving is a job regardless of who is doing it. However when a phd driver does it he is underemployed because he is doing work not commensurate with his skills so we will classify him as employed but underemployed. This sends a message to policy makers they have to create a better job for him while freeing what he is doing to an unemployed man who fits the skills of a taxi driver. This is more useful than emotionally dismissing him as unemployed and ignoring that that vacancy exists. The more acceptable narrative to policy makers should be there is a phd holder driving a taxi preventing some other Nigerian whose skills are better suited for that job so you need to create a more suitable job for the phd holder so the vacancy of a driver can be given to someone more suited.

Another concern is that we tend to belittle certain activities and say they are not jobs based on sentiments. Oh she is a nanny, oh he is a security guard, oh he is a barber. Is that a job. Do we realise that in many advanced countries such professions are highly regarded and people earn a huge living from them. Go to the UK and try to hire a nanny and see how much it will cost you. Should NBS disregard the job of nannies and domestic help as not jobs or tell government they are jobs and people are employed doing them but also reveal they are not well paying so that they can find ways to improve the wellbeing of such people. Do we realise that food sellers (mama putt), even taxi drivers sometimes earn more than many marketers in banks. But because the bank marketer who earns N50,000 (N1,200 a day) wears a suit and tie and has an ID card that links him to a big building or brand name we say the marketer has a job but mama putt and the taxi driver isn't employed and call his job menial. How many taxi drivers or food sellers do you know that earn less than N1200 a day. Don't get us wrong. We are not trying to suggest that some jobs done are alright and suitable. All we are doing is to call it what it is to give better clarity to policy makers. We are not suggesting that some jobs are enough to make ends meet but we are saying that we should not allow the emotional aspects of it to shield ourselves from the reality of things otherwise we will prescribe wrong solutions.

Let me be very clear, there is a difference between being unemployed and not having a job. My 5 year daughter does not have a job but she is not unemployed. My 35 year old brother is pursuing his masters. He doesn't have a job but he isn't unemployed. You are only unemployed if you fall within the accepted working age of 15-64 years (what we call economically active population) and are looking for work but cannot find any work at all. So the unemployment rate or underemployment rate is of the labour force which in its self is a subset of the economically active population. So you remove all those between 0-15 years, you remove all those above 65years. Then you have the economically active population. You then remove all those not available or willing to work. For example students, voluntary housewives (as opposed to someone who is a housewife because she is looking for work. She will be unemployed because she is doing nothing and staying at home while searching, but if she decides to be a full-time housewife and not look for work then she doesn't have a job but she is not unemployed), you even remove all those that are not actively looking and don't want to work. Once you are not interested in working for any reason you cannot be unemployed although you don't have a job. Once you are not available for work because you are busy doing other things like a student you are not working but you are not unemployed. Unemployment is a function of not finding a job though you are in the labour force and belonging in the labor force requires that you are willing able and available to work. This means not all 170mn Nigerians are

in the labor force. It also means not all people between 15-64 are in the labor force either. This isn't NBS logic but international accepted and adopted by all countries in the world except NBS till today.

Distinguished guests I have taken a lot of time to explain these concepts to make you understand how things are classified and to appeal to all of us to remove our sentiments, emotions, ideologies and political leanings from purely technical issues so we can progress as a nation. In our personal lives there are things that evoke emotions and sentiments and ideology and there are things that should be left technical and devoid of sentiments. Our job as coordinator of the statistics system is to provide clear, accurate and reliable data and not emotionally driven data so that we do not mislead businesses, households and policy makers.

The challenge of fostering improved production and management of statistics is an onerous task no doubt. But we are making progress – steadily and purposefully. I am optimistic that if these initiatives and reforms are sustained, the Nigerian National Statistical System will continue to remain the envy of many national statistical offices across the world.

18. At this juncture, I must not forget to say a word of appreciation to our partners in statistical development, particularly the CBN, NSA, UNDP, the African Development Bank, ILO and the World Bank, some of whom are represented here, for their consistent and steadfast support not only for NBS but for the NSS, over several years. The NSS owes a considerable chunk of its success story to many initiatives and injections from these institutions, and it is my expectation that the mutual collaboration will subsist and continue to yield positive outcomes for the benefit of our dear country. I also want to thank my minister of National Planning for his support and the chairperson for this committee and all members for committing to such an important exercise despite very busy schedules. I am informed it was an intense and committed debate filled with passion and dedication

19. Finally, let me once more welcome you all to this important event and encourage your active participation in the discussions and deliberations going on here.

Thank you for listening.