

# Briefing on Minimum Wage

February, 2024

## Introduction

We all know that trade union members are poorer now than they were 5, 10 or 20 years ago. And yet the corrupt elite have never been richer – as demonstrated, for example, by the monetisation of the APC and PDP presidential primaries.

The average income per person in Nigeria grew to be over four and a half times larger in dollar terms from 1998 to 2022 (World Bank). The National Bureau of Statistics confirmed that the Nigeria GDP grew by 2.54% in third quarter of 2023. The president said in his budget speech that the economy was expected to grow by at least 3.76% next year or nearly 4%. At this rate, the economy would double in size in less than 20 years. But for most people the story is very different.

According to the National Bureau of Statistics (NBS), food prices are now more than 20 times higher than in 1998. But the minimum wage has only increased 10 times from N3,000 to N30,000. To be able to afford the same amount of food as in 1998, someone on the minimum wage would have to earn at least N60,000. To take into account the increase in the wealth in the country the minimum should be at least N250,000 a month.

The World Bank said that the number of poor Nigerians will rise to above 100 million if the government fails to compensate vulnerable citizens for fuel subsidy removal. The World Bank said: “The majority of Nigerians are either poor or economically insecure, just one shock away from falling into poverty” – this has been provided by the increase in transport costs since May 2023. <https://www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-ndu>

The NBS November 2022 report said that 63% of persons living within Nigeria (133 million people) were multidimensionally poor. *The incidence of child poverty was above 50% in all States* - <https://nigerianstat.gov.ng/news/78#>

In October 2022, Oxfam issued the fourth edition of its report on government commitments to reducing inequality. Shockingly, Nigeria is the third worst country in the world. Worse, Nigeria is bottom on labour rights. Oxfam then recommended that the minimum wage should be increased to N100,000 and then increased each year as in most countries. <https://www.oxfam.org/en/research/2022-commitment-reducing-inequality-cri-index>

The NBS announced that the cost of kerosene and cooking gas had both increased by around 150% in the year to November 2022. In the year to October 2023, the price of Kerosene increased by nearly another 25%. Kerosene then cost over N1,300 a litre. <https://nigerianstat.gov.ng/elibrary/read/1241410>

The law allows electricity companies to increase the cost of electricity twice a year, as they did in December 2022 and July 2023. Over 100 countries in the world have cheaper electricity than Nigeria. <https://punchng.com/cheap-electricity-nigeria-ranks-109-amid-168-tariff-hike-in-eight-years/>

President Tinubu has completely accepted the free market neoliberal policies of the IMF and the World Bank. During his swearing in ceremony he announced that fuel subsidy was at an end and he later abolished the official exchange rate.

The cost of transport has at least doubled in the last six months. As a result, many civil servants in Abuja are now only going to work three days a week.

Tinubu's actions led to a surge in inflation. Food inflation officially stood at well over 30% over the year to the end of October 2023, NBS -

<https://nigerianstat.gov.ng/elibrary/read/1241407>

How can workers afford to buy or cook their food if the minimum wage is only increased every five years or according to the existing law?

**We need an increase in the minimum wage to at least N250,000 and a move to annual increases or indexation at least as high as inflation.**

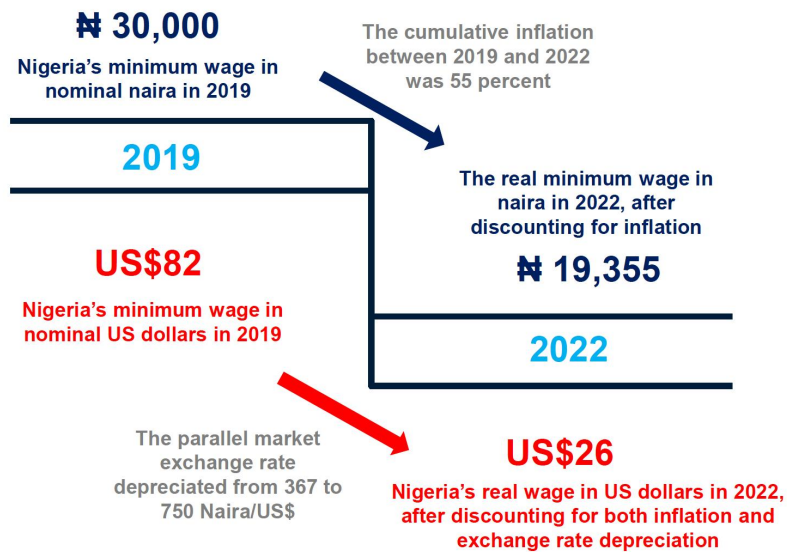
### **Losing value of minimum wage**

When the minimum wage was introduced in 1981 it was worth about \$200 a month. Now it is worth only \$26. When the minimum wage was increased to 18,000 naira in 2011, it was then worth around \$120 a month. Eight years later, in April 2019, when the current minimum wage of N30,000 was introduced its value had fallen to only \$83.

According to official figures, the wealth created by the workers each year is now at least four times higher than in 1998, but the minimum wage now is only worth only a fifth of its dollar value in 1998. To regain its 1998 value, taking into account the increased wealth created by the workers the minimum wage should now be around N250,000.

Workers may win the occasional battle for a decent minimum wage, but overall the war is being lost. A major reason for this is the very infrequent increase in the minimum wage. Since the end of the military era, the minimum wage has only been increased three times. That is an average of once every eight years (with inflation at around 20% over that period, that would need an increase of over three and a half times – 350% just to keep up). Things are now worse, the minimum wage has only been increased once in the last twelve years.

## GROWTH & MACROECONOMIC CHALLENGES HIT HOME: HOUSEHOLDS' PURCHASING POWER HAS SLUMPED...



Source: NLSS, NBS, CBN, and World Bank estimates.

### Many governments increase their minimum wage annually

In contrast to the case in Nigeria, many governments across the world increase their minimum wage every year as is the case in Britain (1<sup>st</sup> April), France (1<sup>st</sup> January) and South Africa (1<sup>st</sup> March). According to the *International Labour Organisation* (ILO):

*Most frequently, countries adjust their minimum wages once a year. Some countries, adjust rates every six months, while others have 2-years intervals. Annual adjustments seem adequate in periods of low or moderate inflation*

[http://www.ilo.int/global/topics/wages/minimum-wages/setting-adjusting/WCMS\\_439254/lang--en/index.htm](http://www.ilo.int/global/topics/wages/minimum-wages/setting-adjusting/WCMS_439254/lang--en/index.htm)

See also the ILO flagship *Global Wage Report 2020-21*:

[https://www.ilo.org/global/publications/books/WCMS\\_762534/lang--en/index.htm](https://www.ilo.org/global/publications/books/WCMS_762534/lang--en/index.htm)

At least 80 countries, where minimum wages are set by national law, have an explicit requirement to revisit them every so often – in most cases annually or once every two years (Pew Research).

According to the World Bank (June, 2023), in Nigeria: “consumer price inflation has surged and is currently one of the highest globally”.

<https://www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-ndu>

The Federal Government agreed increases in the following two years in 2001: 15% in 2002 and 25% in 2003 (not implemented). We need this approach of annual increases to be generalised and introduced in all negotiations over the minimum wage.

Workers cannot breath if the minimum wage is only increased after five years or more. We have to increase the minimum wage at most every two years as currently happens in Angola. Ghana and South Africa increase their minimum wage every year (ILO).

## Indexation against inflation

Ideally, salaries should be indexed against inflation, as happened in France from 1952 to 1983. It was abandoned by President Mitterrand. It has been maintained in Belgium and in India, Bangladesh and Pakistan, at least for the public sector. In the last three countries, the minimum wage is increased in line with inflation every six months.

The *Dearness Allowance* is an allowance paid to government employees, public sector employees and pensioners in India, Bangladesh and Pakistan. The allowance is paid every month. It is calculated as a percentage of the basic salary and related to the rate of inflation. It is increased every six months. It was introduced in the early 1920s.

[https://en.wikipedia.org/wiki/Dearness\\_allowance](https://en.wikipedia.org/wiki/Dearness_allowance)

## Lagging behind inflation

The National Bureau of Statistics says that general inflation is now (October 2023) well over 25% a year and food inflation is above 30%. Officially food price inflation has been around 750% since November 2009, but the minimum wage has increased by only 400%.

<https://nigerianstat.gov.ng/elibrary/read/1241407>

The last time the minimum wage was increased in Nigeria was in April 2019, this was eight years after the previous increase in 2011. The increase to N30,000 became law in April 2019 (three years late). Several states had still yet to implement the last increase over four years later.

At least 11 states have not yet fully implemented the minimum wage and many more have arrears of salaries and/or pensions. These eleven States had yet to fully implemented minimum wage (as at May 2023):

*Abia, Anambra, Cross River, Imo, Ebonyi, Kwara, Kogi, Niger, Rivers, Taraba and Zamfara*

See Daily Post survey: <https://dailypost.ng/2023/05/05/minimum-wage-tale-of-woes-in-abia-rivers-zamfara-anambra-imo-kogi-taraba/>

It is not lack of money in the states, it is the greed of the Governors. It is difficult for them to loot from payroll so they do not like to pay it. All state governments have plenty of money – in September FAAC distributed a record amount of N1.1 trillion and the international price of crude oil is now returning to \$100 a barrel levels.

In 2015, when Buhari came to power, the Federal Budget was N4 trillion, in 2024 the budget is planned to be N27.5 trillion or nearly seven times as much. If the minimum wage had increased at the same rate, it would now be worth N126,000 a month. In 2015, the monthly average income in Nigeria was around N45,000 now it is now at least N240,000. That is an average for every woman, man, child.

So for an average family of five people that would be an income of N500,000 a month. So to have an income of only half the average income for Nigeria, with both the husband and the wife working, they would need an income of at least N125,000 each.

When Buhari assumed office in 2015, the National Minimum Wage of N18,000 could buy one and a half 50kg bags of rice. But today, the Minimum Wage of N30,000 will only buy three quarters of a bag. So in terms of rice, the value of the minimum wage has halved over

the last eight years.

<https://nigerianprices.com/prices-of-rice-in-nigeria-per-bag/>

Another way to look at this is to show how many litres of fuel could be bought with the minimum wage:

YEAR	MINIMUM WAGE – N	MINIMUM WAGE - \$	FUEL PRICE – N	LITRES BOUGHT WITH MINIMUM WAGE
1998	3,000	136	11	273
2001	7,500	87	22	340
2011	18,000	122	97	186
April 2019	30,000	83	145	207
2023 (May)	30,000	65	265	113
2023 (December)	30,000	26	630	48

In 2000, the per capita monthly GDP was around N4,000 now it is at least twenty five times bigger in money terms. But the minimum wage is only 10 times bigger.

In 1998, the minimum wage was worth \$136, this is now the equivalent of about N160,000 on the black market. This does not take into account the increase in the average national income since then.

### Comparison with other African countries

Workers in Nigeria currently (December 2023) have a monthly minimum wage of about \$26 (at the black market rate of exchange) and so they are poorer than many workers in other African countries, for example:

- Libya - \$322
- South Africa - \$235
- Algeria - \$140
- Kenya - \$131
- Chad - \$108
- Democratic Republic of Congo - \$92
- Senegal - \$88
- Angola - \$71
- Ghana - \$56
- Niger - \$54

See: <https://www.statista.com/statistics/1262632/gross-monthly-minimum-wage-in-africa-by-country/>

So all these countries pay well above the level of the minimum wage rate in Nigeria. In contrast, members of the Nigerian National Assembly are paid higher than almost any

country in the world. From 1st September 2022 the Duty Tour Allowance (DTA) for ministers was increased from N35,000 to N80,000. As a result, Tinubu and other ministers will now receive nearly three times the current monthly minimum wage *every day* they are out of the country!

<https://neiti.gov.ng/cms/wp-content/uploads/2022/12/Circular-on-Daily-Tour-Allowance-DTA.pdf>

If the minimum wage in Nigeria was increased to N250,000 this would make it comparable to the minimum wage in South Africa where the minimum wage is increased in March every year.

## Poverty Wages

The international poverty line accepted by the UN is now \$2.15 per day or \$65.4 per month. An average working class or peasant class family of five (father, mother and 3 children) in Nigeria would require a family income of \$327 per month. Today's black market rate is \$1/NGN1,800 which gives a minimum family income of N588,600. If we assume that one parent works full time and the other parent works part time (0.7 of the time) this would need a minimum wage of around N350,000.

## Wage Indicator Foundation

The Wage Indicator Foundation undertakes regular rigorous research on the requirements for a living wage globally and in Nigeria. The results of this research is made available free to trade unions.

They can provide information on a living wage for Nigeria and for major cities within the country. This information is available on request from trade unions and their centres via email from: [helpdesk@wageindicator.org](mailto:helpdesk@wageindicator.org) or [office@wageindicator.org](mailto:office@wageindicator.org)

Further information is available on their website: <https://mywage.ng/salary/living-wages>

The living wage is calculated for a typical family of two adults and five children. One adult is assumed to work full time and the other for three or four days (0.7 of the time).

The living wage for FCT in 2023 was considered to be between around N205,000 to N240,000 a month. 50% of workers would need a salary of at least N240,000 to cover their families basic needs and so lead a decent life. **So this research confirms that an immediate minimum wage for Nigeria should now be around N250,000.**

The living wage for Lagos for 2023 was similarly considered to be at least N210,000 a month. So the current minimum wage in Lagos of N30,000 plus the special allowance of N35,000 is only about a third of the salary level necessary to lead a decent life.

## The Government Has Plenty Money to Pay for a Decent Minimum Wage

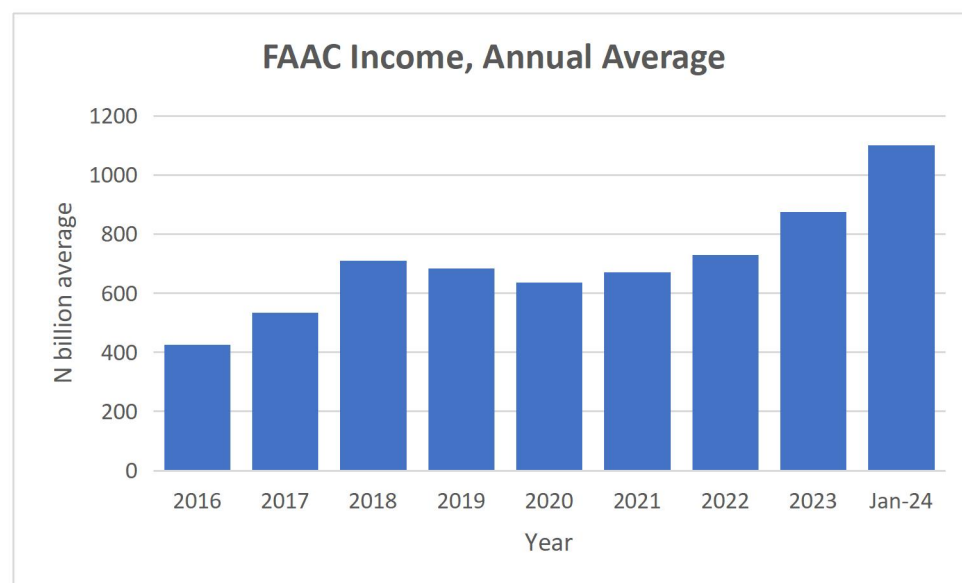
The Accountant General of the Federation recently managed to claim that the “limited nature of government revenue and contending issues requiring attention” prevented the

payment of the monthly N35,000 promised to Federal workers. In reality, there is plenty of government revenue, it is just being looted.

The state and Federal governments have more money than they know what to do with. The FAAC Committee recently distributed N1.1 trillion. Last year the governments received more than for any year for a decade, at least. January 2024's FAAC meeting distributed 25% more than even last years' record average. They could have distributed N1.7 trillion, or well over 50% more, but decided to save this surplus in the Excess Crude Account.

<https://guardian.ng/news/govt-generates-n1-7-trillion-in-dec-shares-n1-1-trillion-among-federating-entities/>

In addition, there is the money claimed to be saved from ending the fuel subsidy. This was said to be over N4 trillion in 2022 and N3.4 trillion in the first half of 2023. This is equivalent to around 15% of the budget for 2024. What happened to all these savings?



The official rate of exchange of the naira to the dollar depreciated from N416 in June last year to over N1,000 towards the end of January, 2024. A depreciation of over 150%. This is due to the corrupt elite exporting their loot – without that oil exporting countries have strong currencies. At the same time, the black market rate is now around N1,800. So anyone buying dollars at the official rate of N1,000 can immediately sell them for N1,800, an 80% profit – a huge window for corruption.

Every devaluation leads to higher rates of inflation. On the bright side it also provides more money that governments could use to increase the minimum wage or pay the doctors.

Further devaluation at the end of January, will increase inflation in the coming weeks. The following graph shows devaluation of the naira against the dollar over the last five years with a huge increase over the last eight months:



USD ▾



NGN ▾

1 USD = 1,414.104258 NGN ●

+1,051.5772 (290.069%) Past 5 years

1D

1W

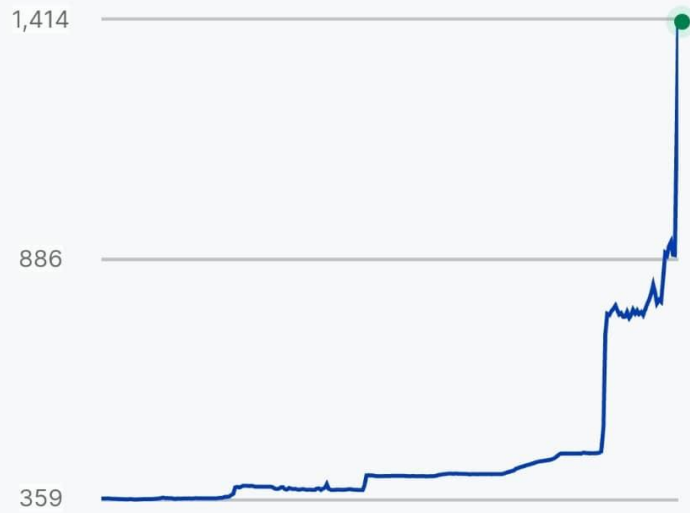
1M

3M

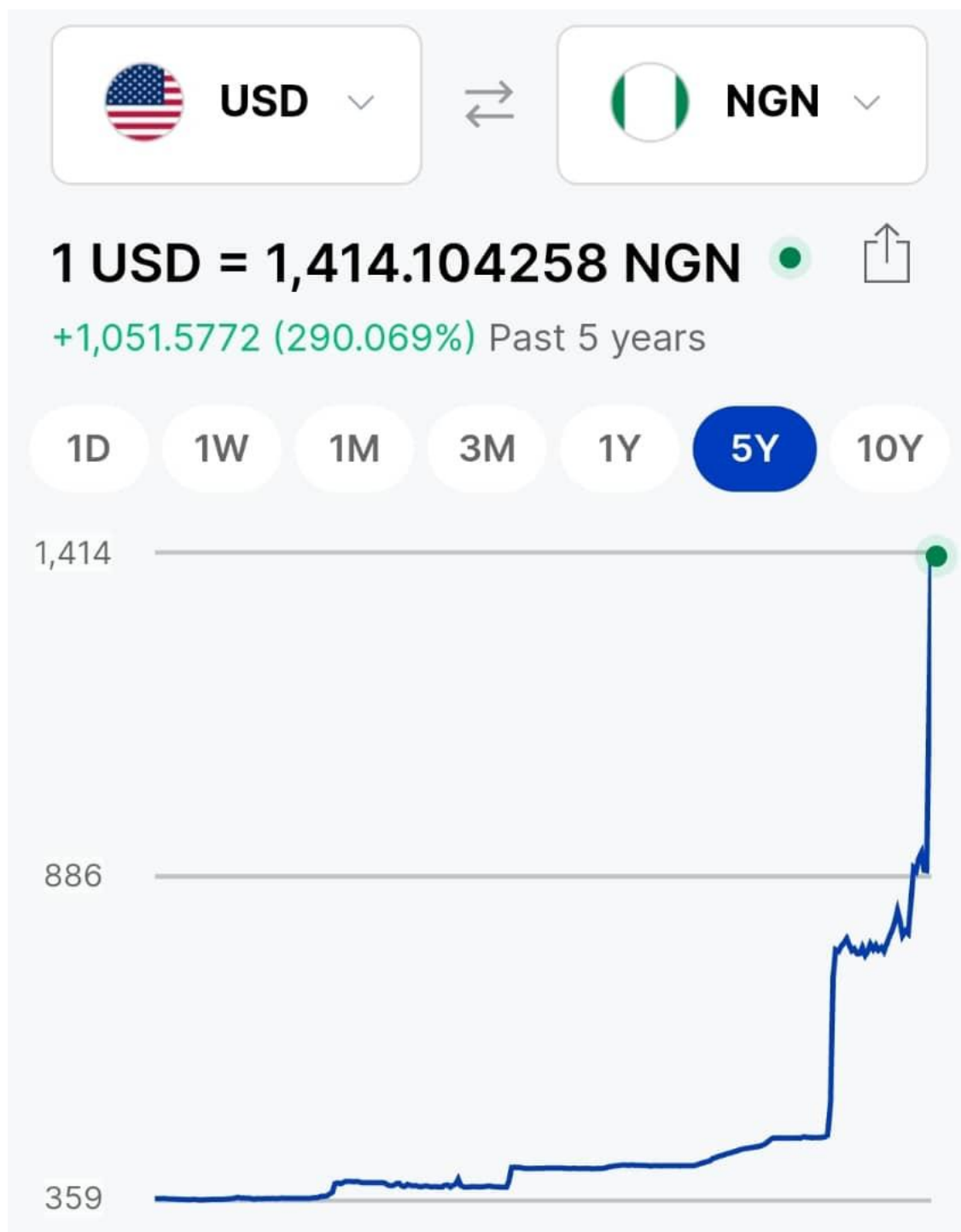
1Y

5Y

10Y







NNPC Ltd should have released its Audited Financial Statement (AFS) for 2022 in June 2023. Its excuse was that it had no substantive Board of Directors. This suggests another huge pipe for looting.

In June 2023, Femi Falana published the following article indicating the mass of income that Federal Governments have not even bothered to collect. This forms a massive subsidy for the corrupt elite. When governments claim they cannot afford to pay salaries or pensions as and when due they are lying. They have plenty of income and as this article shows they could have untold further amounts. The total of these scams comes to a minimum of at

least N156 trillion. This is seven times the total Federal Budget for 2023 or seven years of total expenditure by the Federal Government:

<https://socialistlabour.com.ng/2023/06/13/catalogue-of-looting-brigandage-in-nigeria-the-main-subsidies-are-for-the-rich/>

## **NLC and the minimum wage**

The Nigeria Labour Congress (NLC) *Charter of Workers Demands* calls for a:

*Reasonable Living National Minimum Wage for Nigerian Workers and the Review of the same periodically as the national economic situation demands.*

No-one can survive on N30,000. This is a major cause of the increase in crime and insecurity in recent years.

In October 2023, Joe Ajaero, President of the NLC said that the minimum wage should return to its 1981 value of \$200. This is now worth more than N250,000 on the black market.

**We now need a minimum wage of at least N250,00 a month so that workers can afford a reasonable life and to reduce the current rampant level of insecurity across the country. A larger increase will be needed unless the minimum wage is then increased every year as in Ghana and South Africa.**