Harnessing Africa’s Demographic Dividend

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Editorial

The 28th African Union Summit declared “Harnessing the Demographic Dividend through investments in youth” as its theme, which connects the “Agenda 2063” that offers a comprehensive development vision for Africa. Regardless, African youth faces numerous challenges and opportunities in the fields of skills training, technology, entrepreneurship, agribusiness, advocacy, and political involvement. Hopes that Africa’s dramatic population bulge may create prosperity seem to have been overdone. It is time for development economists to look beyond the stylized facts to the dire realities of Africa’s frustrated youth and burgeoning informal economies. Although development economists talk about a demographic dividend for the continent of Africa, however, what the continent has now is not a ‘dividend’ but a youth population ‘bulge’. Actually, it is true that according to the United Nation (UN) population estimates African young population is growing with over 405 million youth aged 15-34, and over 485 million children aged 0-14 years. Over 40 percent of the African population is below 15 years old in 32 African nations. Africa has the highest child-dependency rate globally, for every 100 working-age people in the continent; roughly 74 children under the age of 15 are dependent.

The numbers of African population are eye-catching: in 2014, African Development Bank asserts that Africa’s population is increasing rapidly from more than one billion to an estimated 2.5 billion by 2060 – by the year 2050, the continent will have the youngest population and be home to 30 of the 40 youngest nations globally, with 70 percent under the age of 25 as estimated by the UN. Likewise, according to World Bank estimates, 11 million young Africans are anticipated to enter Africa's labour force every year for the next decades. By 2070, it is anticipated that the continent will have more than one billion working-age youth and over 800 million children. The 2017 African Economic outlook report states that Africa will have a young and increasingly urbanized workforce, with a projected 12 million people added to Africa’s workforce yearly. Africa will account for nearly all of the growth in the world’s labour force by 2100, and its share of the global labour force will grow from 10 to 37 percent, which represents an opportunity to reap a ‘demographic dividend’.

Africa risks turning its demographic into a demographic disaster if its economies cannot create sufficient employment and opportunities for its populations; ironically, the challenge of slower growth, lower resources prices to slower trading partners’ growth and general weakening macroeconomic stability presents an immense opportunity, as it forces African leaders to look inwards to re-ignite economic development. The United Nation statistics
above leads us to know that Africa still boasts some of the biggest factors of long-term growth, from an increasing labour force to its speedy urbanization and dramatic natural resource endowments. However, the biggest puzzle facing African leaders today is how to turn its population into agents of sustainable development. According to UN definition, an exponentially increasing population of youth can turn into ticking time bomb or a dividend, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older). This shift in population age structure can yield economic benefits if only the change is accompanied by sustained investment in education, skills development, health, job creation and good governance. The 2016 Economic report on Africa puts the growth rate of Africa at 3.7 percent and although this mask higher performance in certain nation’s economic growth has not been in areas that are labour intensive. For instance, Africa spends about $30 billion US dollars importing processed foods every year and could create about 5 million jobs just by transforming natural minerals by 5 percent. Africa needs to cultivate creative and intellectual abilities that will allow it to increase the value of its raw materials and to break the continents vicious cycle of poverty. Poverty is not an absence of money; rather it results from an absence of knowledge. The time to invest in human resources, particularly youth is now. Therefore, the shift from industrialized economies and natural resources to intellectual capital, have forced nations to re-examine the role knowledge plays in every nation’s economic growth and how it is used. If harnessed by adequate policies Africa can become a knowledge-based continent, the acquired knowledge can increasingly become a leveraging mechanism, offering a significant competitive edge in determining the success of Agenda 2063 to create the “Africa we want”. The alternative to a youth dividend is a youth bulge, which is characterized by high youth unemployment and widespread protests recipes for political instability. Frustrated by the dearth of opportunities, numerous African young inhabitants are risking their lives on perilous journeys in search of a better life in Europe. Pools of idle youth are the magnet for recruiters from rebel or extremist groups or even sold as slaves in Libya.

A ticking time bomb can be defused when African government from both the public and private sectors work together to break this impasse and create the conditions needed for regional market thrive. More than ever, responsible government is required to turn Africa’s “youth bulge” into a source of prosperity rather than a cause of social unrest. Investing in girls and empowering women in particular, will yield higher returns. Strengthening institutions, improving infrastructure and investing in education, health, and technological readiness are priorities for all African nations. These will enable local market development to attract foreign investment and create the employment that will unleash the potential of African demographic dividend. A country expanding without its people is doomed to fail. Creating opportunities for its citizens is the only way for the continent to prosper. The question we keep on hearing is how can Africa nations attain the desired results? However, numerous people think that investment in young people to harness demographic dividend remain critically difficult. African leaders should realize that addressing the scourge of turning Africa population bulge into demographic dividend requires that we look beyond the problem and learn from Chinese model as well as African leaders also facing their realities. China enjoyed this demographic dividend in the last nearly four decades, which was why China was considered a labour-plentiful nation. Arguably, unlimited and cheap labour supply from the agricultural sector with low productivity to the industrial sector with high productivity contributed enormously to the economic rise of China in the process of the Chinese export-oriented industrialization. According to Cai and Wang, the authors assert that the Chinese demographic dividend contributed 26.8 percent to the Chinese per capita GDP growth between 1982 and 2000. There is however, room regarding learning from the Chinese on how Africa nations can attain a successful demographic dividend. I think China-Africa collaboration in the area of knowledge sharing can be a good starting point. The unanimous decision at the FOCAC meeting in South Africa in 2015, where President Xi Jinping promised more cooperation between China and Africa in education and training only to confirm China’s awareness to the importance of knowledge sharing that will assist Africa turns their population bulge into a demographic dividend. In the past, the Chinese have given concessional loans to African nations, but nowadays, China wants African people to have the capacity to create a demographic dividend, that is why training which comes in form of knowledge sharing is now the core in China-Africa cooperation. The establishment of numerous regional vocational hubs and several so-called capacity-building colleges to address the continent’s lack of skilled workers can support African nations in achieving a demographic dividend. There is need to develop the high workforce needed to compete in the global knowledge-based economy.

However, knowledge sharing in China-Africa cooperation can become a new way of boosting a mutually beneficial cooperation model, speed up industrialization and improve its independent development capacity, while bringing Chinese equipment, technologies, and products to African nations through industrial capacity cooperation. China and Africa should strengthen mutual learning by facilitating the people-to-people exchange between youth, women, think tank, media, universities, and other sectors. All this means to advance common progress and ensure the sustained growth of China-Africa friendship from generation to generation. It could be argued that China’s presence in Africa is timely. To confirm this, recently, President Xi Jinping has demonstrated major new and diversified policy momentum in Africa by greatly and assertively enhancing his direct involvement in making sure Africa attain economic independence. As African countries await more, the year 2019 might just be ‘a game-changer’ for African nations with respect to building capacity that might turn African population bulge into demographic dividend.