

## How to maximise Africa's demographic dividend

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From a continent seen as dark and unknowable, Africa has become place of opportunity. Ours is a continent of young people: *there are more people under 15 in Africa than the entire population of Western Europe.*<sup>i</sup> By 2050, Africa's population is expected to double to 2.4 billion and be home to 40% of the world's children, up from 25% today<sup>ii</sup>. This is clear in the "emerging middle class" narrative that has driven foreign direct investment of \$54 billion in 2015, despite challenges such as Ebola and falling commodity prices. How do African countries set themselves up to take advantage of their youth population? We need to give our people the skills they need to be successful.

This demographic dividend is a double-edged sword - we have more people to put to work but also have more mouths to feed. It is up to the government to choose a future defined by low unemployment and higher productivity, not one of starvation and poor economic outcomes. African countries have a responsibility to make sure there are opportunities for everyone either as entrepreneurs or in companies. Education is an important policy tool to achieve this.

Our current education system is broken and when it works, non-inclusive. One in five of the world's illiterate is African. This is important because illiteracy - more than geography or gender - is closely correlated with poverty<sup>iii</sup>. For students in the educational system, there are limited opportunities to develop skills that employers require. Sub-Saharan Africa scores low on Technical Vocational Education and Training (TVET) enrolment in secondary education, a measure important for countries with skilled workforce.<sup>iv</sup> Subsequently, learning outcomes have suffered, especially in rural areas<sup>v</sup>. Large companies routinely struggle to fill open positions, despite crippling unemployment.<sup>vi</sup> It is clear something needs to be done to slow the decline.

Fortunately, there are lessons for Africa everywhere. Germany's strong SME (Small/Medium size enterprise) sector is partly due to the steady stream of skilled workers it enjoys: TVET enrolment in Germany is 53.2% compared to 6% in Sub-Saharan Africa.<sup>vii</sup> In Africa, startups have taken on the challenge: Andela trains and hires developers for western clients from its facilities in Lagos and Nairobi. Many more startups have developed platforms to teach and increase student engagement using ubiquitous mobile phones.<sup>viii</sup> These are all steps in the right direction, but more needs to be done.

The policies of Africa's government should reflect this opportunity. Government should encourage the growth of labour-intensive industries like Business Process Outsourcing (BPO) and manufacturing. Beyond tax holidays, this involves developing a pro-business society with property rights, infrastructure and a reliable legal system. The preferred outcome is not jobs for the sake of jobs, but sustainable economic growth which in turn creates jobs. Some governments undertake "mass employment" programs, giving jobs and paychecks to citizens however programs like this are rarely sustainable and disappear when funding inevitably dries up.

The rewards are significant if we get this right. An educated population enjoys benefits beyond jobs and higher wages. Infant mortality and other human development indicators generally improve as economies grow.<sup>ix</sup> Low unemployment is correlated with a higher quality of life and lower crime rates.<sup>xxi</sup> Not only will Africa's future be secured through education, we will have a more diverse and resilient economy, less susceptible to the whims of commodity prices and international agencies.

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<sup>i</sup> UN, Dept. of Economic and Social Affairs, Population Division (2011). World Population Prospects: The 2010 Revision.; [http://www.geohive.com/earth/population\\_age\\_1.aspx](http://www.geohive.com/earth/population_age_1.aspx)

Note: projected populations based on the medium-fertility variant.

<sup>ii</sup> UNICEF Generation 2030 Africa; [http://www.unicef.org/publications/index\\_74751.html](http://www.unicef.org/publications/index_74751.html)

<sup>iii</sup> Regional Overview, sub-Saharan Africa; UNESCO; <http://unesdoc.unesco.org/images/0015/001572/157229e.pdf>

<sup>iv</sup> Ibid.

<sup>v</sup> Ibid.

<sup>vi</sup> Africa Economic Outlook; [http://www.africaneconomicoutlook.org/en/theme/youth\\_employment/education-skills-mismatch/](http://www.africaneconomicoutlook.org/en/theme/youth_employment/education-skills-mismatch/)

<sup>vii</sup> TVET for Germany 2009; [http://acetforafrica.org/making-skills-development-work-for-economic-transformation-in-africa-demystifying-the-suit-and-de-stigmatizing-vocational-and-technical-education/06-2013/#\\_ftn1](http://acetforafrica.org/making-skills-development-work-for-economic-transformation-in-africa-demystifying-the-suit-and-de-stigmatizing-vocational-and-technical-education/06-2013/#_ftn1)

<sup>viii</sup> Education startups in Africa; <http://www.cp-africa.com/2015/04/22/10-startups-focused-on-transforming-education-in-africa/>

<sup>ix</sup> Hans Rosling, HDI surprisingly similar to GDP per capita; <http://www.gapminder.org/news/hdi-surprisingly-similar-to-gdpcapita/>

<sup>x</sup> *Journal of Law & Economics*; Identifying the Effect of Unemployment on Crime, Raphael, Winter-Ebmer

<sup>xi</sup> The link between Unemployment and Crime rate fluctuations: An analysis at the state, country and national levels; Phillips, Land, 2005; <http://www.sciencedirect.com/science/article/pii/S0049089X12000026>