



## Demographic Window of Opportunity in Africa – and the Role of Migration

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**A change in the population structure that leads to a growing workforce can be important for economic growth, if combined with effective policies and markets. However, few analyses of demographic dividend have addressed the crucial role of migration in population dynamics in Africa.**

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The ‘demographic dividend’ describes the opportunity that a growing workforce represents for growth. A dividend must be earned, and this happens mainly through socio-political initiatives.

While economists predict the ‘end of the demographic dividend’ in East Asia, the growing African population and the increasing numbers of African youth forecast for the next decade offer a possibility of reducing dependency ratios in Africa.

Africans are among the most mobile people on earth, and the size, age and gender structure of the African populations is the combined result of fertility, mortality and migration. Migration in Africa – whether related to labour mobility, urbanisation, climate change, conflict or other reasons – cannot be ignored given its important impact on population dynamics.

This brief outlines the importance of active policies for labour market mobility to increase regional integration and facilitate the pooling of skills and thereby improve the match between labour market demands and supply, in order to reap the demographic dividend.

### POLICY RECOMMENDATIONS

- To ensure a demographic dividend coupled with economic growth, a paradigm shift is needed towards incorporating policies that facilitate mobility and regional labour integration.
- The mismatch between skills and labour market demands should be addressed and the full potential of the regional workforce deployed by coordinating and drawing on the availability of African human capital beyond national borders.
- Increased youth unemployment is creating a requirement for services and rights related to labour establishment and integration, such as comprehensive urban/territorial planning, health services and structural legal changes, for example offering possibilities of land ownership for migrants in Africa.
- The empowerment and mobility of women needs to be encouraged. Empowerment of women is one of the starting points to achieving a decline in fertility, a bigger workforce and an additional supply of social and economic resources.



## What is the demographic dividend?

Economists use the concept of 'demographic dividend' to describe a window of opportunity in the development of a society that opens up as fertility rates decline and the working age population increases relative to the dependent population. The dependency ratio declines dramatically as the generational bulge begins to enter the productive labour force.

Since it must be earned, this window of opportunity is called the 'demographic dividend' or 'demographic bonus'. This period can only lead to faster rates of economic growth and human development if combined with effective policies and markets.

In all regions of the world apart from Sub-Saharan Africa, first and second demographic dividends have had positive effects on development between 1970 and 2000. In many countries a demographic shift has led to increasingly smaller families, higher incomes, more women in the labour force and rising life expectancy rates. Indeed, about one-third of East Asia's economic 'miracle' has resulted from demographic change.

One basic measure of a country's success in turning a growing young population into a demographic dividend is the youth (un)employment rate. Any decrease in the economic dependency ratio is largely based on the ability of the economy to absorb the 'overflow' of young people who enter the labour market.

The empowerment of women has also been outlined as one of the starting points to obtain a decline in fertility as well as a gradual increase in female share of the working age population. Furthermore, educated women represent a critical supply of social and economic resources.

## DEMOGRAPHIC TRANSITION AND MOBILITY IN AFRICA

With Africa's current population of 1 billion people, and a projected population of 2.3 billion by 2050, its greatest asset (or potential liability) in the coming decade will be its reservoir of human capital. By 2040 African countries will have the world's largest workforce surpassing those of China and India.

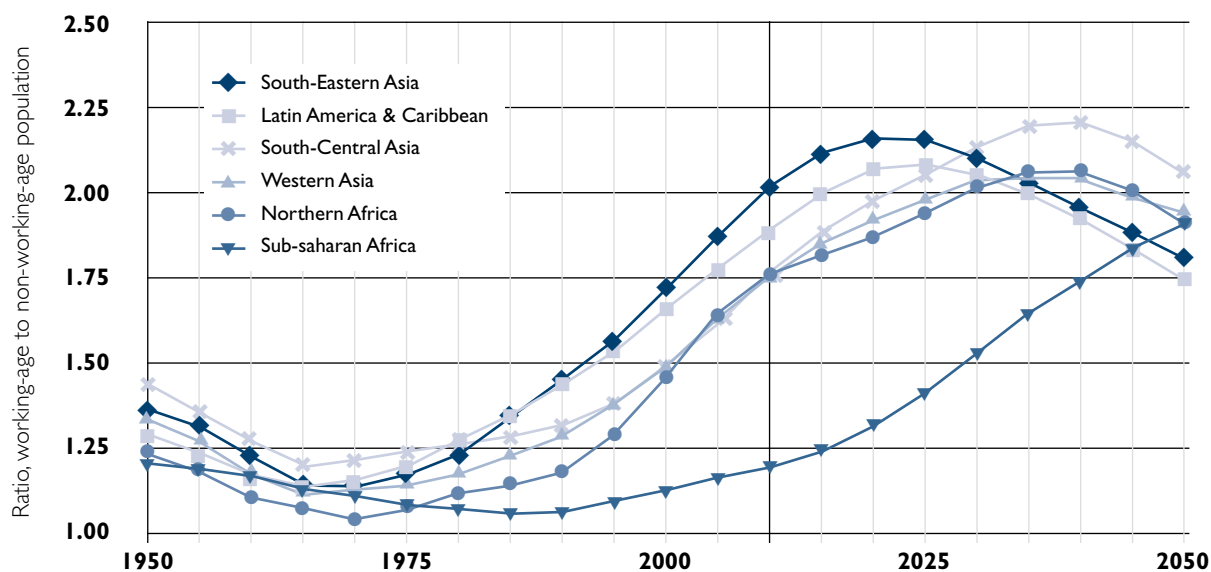
The cases of East Asia and Sub-Saharan Africa best illustrate the two ends of the spectrum with respect to demographic dividend. As a result of rapid demographic change in East Asia between 1965 and 1990, the working-age population grew four times faster than the dependent population. Sub-Saharan Africa, by contrast, merely experienced a slow demographic transition up till the year 2000. This was due to factors such as child mortality, HIV/AIDS and general health, sanitation and immunisation problems, as well as political instability and wars – not to mention high net emigration. However, United Nations projections show significant increases in the working age population share (age 15–64) for almost all Sub-Saharan African countries.

Africa's population is the youngest in the world. In mid-2011, the top 10 countries with the youngest populations were all in Africa. The young, growing, African population is also increasingly mobile – searching for job opportunities across national borders.

The absolute majority of Africans migrate within the continent, and Africans are among the most mobile people on earth. Migration is a major element of household strategies for families across Africa. Most people move for 'conventional' reasons including to work as labour, or for trade, marriage, education, pilgrimage and status. Poles of economic growth such as Botswana, Côte d'Ivoire, Gabon, Ghana, Libya, and South Africa have attracted large numbers of migrant workers. Emigration to OECD countries (and new destinations such as China, Argentina and the Gulf countries) has also increased steadily during the last decades. Much of this migration is irregular and unregulated.

Migrants in developing countries are mainly young people, and this migration is also increasingly female. This has a high impact on population dynamics in both sending and receiving countries. In 2010, persons aged 15 to 34 accounted for 42.6% of all international migrants in the least developed countries, compared to 29.1% in developed countries. Youth and young adults (those aged 18 to 29) are indeed the most mobile people on earth.

**Table 1. Regions on the Demographic Upswing**



Source: UN, World Population Prospects. The 2008 Revision. [http://www.hsph.harvard.edu/pgda/WorkingPapers/2011/IPGDA\\_WP\\_66.pdf](http://www.hsph.harvard.edu/pgda/WorkingPapers/2011/IPGDA_WP_66.pdf)

## YOUTH EMPLOYMENT BEYOND BORDERS

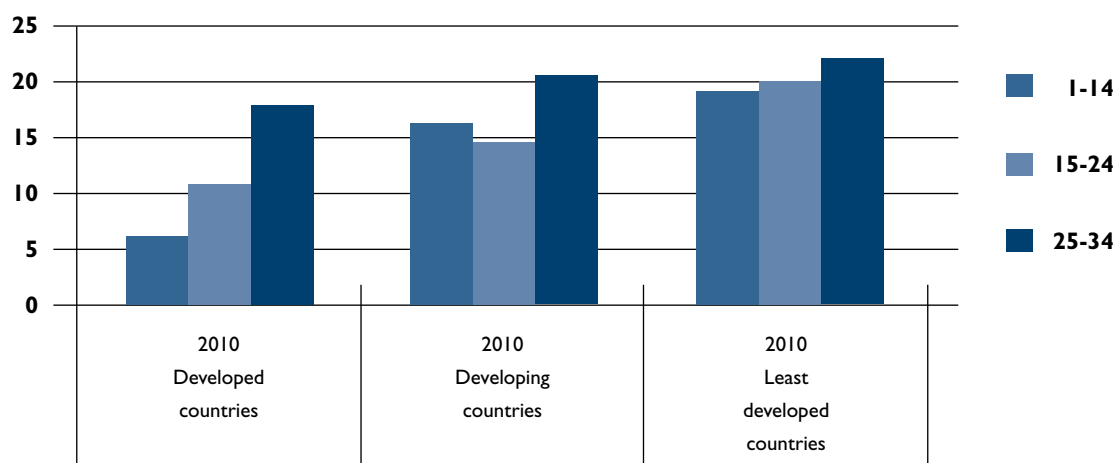
Most Sub-Saharan African countries are struggling with the two-pronged challenge of creating growth and jobs for their increasing numbers of youth, while simultaneously having to import workers for specific industries (such as oil and gas, mining, telecommunication services and much more). African economies face labour and skills shortages, even in the face of entrenched unemployment and underemployment. Addressing the mismatch between skills and labour market needs in Africa during the next decades will be crucial to reaping the demographic dividend. However, while intra-regional mobility in the African labour market dynam-

ic is crucial for understanding the role of labour market integration, it is understudied.

Most empirical studies analysing the demographic dividend are based on data aggregated to country level. They have largely ignored migration and the role of regional labour market integration, even though increasing youth unemployment is leading to emigration of young Africans in the search for job opportunities beyond national borders.

Young people make up the bulk of the total number of unemployed in Africa. For example, the youth-to-adult

**Table 2: Percentage of International Migrations per Selected Age Group in Development Groups**



Source: United Nations Department of Economic and Social Affairs. International Migration in a Globalizing World: The Role of Youth. Population Division. Technical Paper No 2011/1.



unemployment ratio rates have risen drastically in countries such as Morocco and South Africa, where young people are nearly three times more likely to be unemployed than their older counterparts. The youth employment challenge in Africa is triggered, among other things, by the combination of a rapid growth of educated youth, a slow pace of job creation in the formal economy and underemployment in the informal sector.

Migration is thus intrinsically linked with youth employment, urban development and local security as well as access to basic social services. Regional integration processes based on the movement of (human) capital demand much more than the mere harmonisation of policies that inter-link trade, investment, transport and movement of persons; they need to aim at optimising regional labour markets as well as ensuring the maximum benefits of the migration process for the African youth. Thus springs a need for services related to labour mobility within the sub-region; services such as right of establishment, urban/territorial planning, schooling, health services and structural legal changes allowing land ownership for migrants.

One basic example is the promotion of the right to practice as teachers or doctors in neighbouring African countries, as there is a lack of recognition of such qualifications across Africa. Africa needs about four million additional teachers and one to two million health workers, and brain drain of high-skilled workers is particularly grave in these sectors. Nonetheless, initiatives to promote the recognition of qualifications across African borders are slow. Addressing the critical shortages of teachers and health workers at all levels is a key development priority for many African countries. WHO minimum standards for basic healthcare are one doctor for every 5,000 people. In Sub-Saharan Africa, 38 countries fall below this standard. Niger, the country with the lowest Human Development Index, had only three doctors for every 100,000 people in 2006, and Malawi only had one nurse for every 5,900 people.

## FURTHER READING

- Bloom, David et al. 2007. *Realizing the Demographic Dividend: Is Africa any different?* Program on the Global Demography of Aging. Harvard University. May.
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- Lee, Ronald and Andrew Mason. 2006. Back to Basics – What is the Demographic Dividend? *Finance and Development*. IMF September 2006, Volume 42, Number 3.
- United Nations Department of Economics and Social Affairs. International Migration in a Globalizing World: The Role of Youth. Population Division. *Technical Paper* No 2001/1.

*The opinions expressed in this policy brief are those of the author alone and do not necessarily reflect the official opinion of the Danish Institute for International Studies.*

## LESSONS LEARNT – ENHANCING REGIONAL SKILLS POOLING

To derive important lessons from the East Asian experience and ensure a sustained demographic dividend coupled with economic growth, a paradigm shift is needed towards incorporating policies that facilitate labour mobility and regional integration.

A human capital approach with human resource pooling serves as an investment, increasing productivity and competitiveness of regional human resources. Facilitating and promoting mobile human capital would take advantage of the demographic dividend by coordinating and meaningfully drawing on the availability of African human capital beyond national borders, thereby deploying the full potential of the regional workforce. East Asia is today at the end of its own demographic dividend and will – contrary to Sub-Saharan Africa – need labour during the next decades. In this regard, economists also suggest further development of active policies on labour market mobility could likewise contribute to a ‘positive regional community’.

With Sub-Saharan African economies built on informal sectors and the increasingly educated – and increasingly mobile – youth mainly being unemployed or underemployed, one can conclude that stand-alone policies based on country-level development and growth for capturing the demographic dividend have slim if any chances of success. A holistic and comprehensive human development approach and regional skills pooling based on mobility and flexibility should be developed in order to ensure a match between supply and demand in the changing labour market dynamics.