Can Botswana optimise on the harnessing of the Demographic Dividend

By

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The demographic dividend has both demographic and economic ingredients. It is a concept which really emphasises the potential benefits of the blend of both the increased working population and the economy, when such is alloyed with dexterous economic policy initiatives. This concept is very much amplified and appreciated by UNFPA. It is our view that UNFPA has invested quite well in coming up with a subtle definition of the dividend, such that even for those not very familiar with this concept, the definition has a converting effect. You go through the definition and you out rightly appreciate the dividend and relate easily to it.

Demographic dividend, as defined by the United Nations Population Fund (UNFPA) means, "the economic growth potential that can result from shifts in a population's age structure, 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)." In other words it is "a boost in economic productivity that occurs when there are growing numbers of people in the workforce relative to the number of dependents." UNFPA stated that, "A country with both increasing numbers of young people and declining fertility has the potential to reap a demographic dividend." (http://en.wikipedia.org/wiki/Demographic_dividend)

There is a general believe that the dividend offers potential for great economic benefits. However, many argue that for economic growth to occur the younger population must have access to quality education, adequate nutrition and health including access to sexual and reproductive health. These are essentials for the development of the human capital resource. Human capital development is not an end in itself, but rather a very important input in economic advancement. The bulging age working population requires employment opportunities for the dividend to be realised. In the face of high unemployment rates, the realisation of such a dividend becomes a remote possibility.

It is imperative to note that one of the major benefits of the dividend is in terms of declining dependency ratio. Such is a measure of the ratio of those not in the labour force per every member of the labour force. It is a measure of the economic burden, one could say. At best it overstates the burden more particularly in cases where those outside the labour force earn some income upon which others are dependent. At worst it underestimates the burden, more so in cases where those within the labour force are dependents themselves. This under or overestimation of the measure is indicative of the shortcomings of some of the measures we use in economics. Not that economists are incognizant of these deficiencies, rather they are the second best measures in light of the complexity of issues economists have to contend with, in particular their measurements.

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A high dependency ratio as defined by the number of dependents or those outside the labour force who have to depend on a single member of the labour force, can cause serious problems for a country if a greater proportion of a government's expenditure is on health, social security & education, upon which the youngest and the oldest in a population demand the most. A low dependency ration on the other hand is a boost in the quest to support schools, retirement pensions, disability pensions and other assistances to the youngest and oldest members of a population, often considered the most vulnerable members of society.

In the case of Botswana in which the unemployment rate is quite high, this dividend may prove substantively evasive for the country to realise and reap the dividend. There is need for injection of investment into areas with great potential for employment creation. Both private and public investments intended for employment creation are paramount for the dividend to come to fruition.

An idling labour force is a cost to the economy and could be paradoxical in light of the definition of economics. We often define economics as the study of limited resources in the midst of unlimited wants. The human resource which is not utilised is an indictment on this definition. It appears after all that resources may not be as limited as the definition would have us believe.

The lower dependency ratios and the resultant impressive growth rates and development help in the accumulation of wealth and savings. Such accumulations are key for the sustenance of the oldies when the current bulge translates into a greater old age population. A failure to capitalise on the dividend may prove quite detrimental when the population of the elderly bulges. The government would do the nation a favour by leading in an endeavour to realise this dividend. Effective policy prescriptions are a must if this country is to capitalise on this window of opportunity.

The paper is intended to investigate the country’s potential in realising the demographic dividend. It is meant to thoroughly investigate the impediments to the realisation of the dividend and possible measures that the country can adopt with a view to enhance the potential for the realisation of this population transition possible economic benefits. The paper may prove very helpful in aiding policy formulation intended to harness the dividend.