

## Dr. Debrework Zewdie

**Slide 1:** Mr. chairman, ladies and gentleman, let me start by expressing my gratitude to the organizers. I am humbled and honored. Thank you for taking the initiative to gather us here. The onus is on us not to make it yet another conference but one that will make a difference. As Margret Mead said, “Never doubt that a small group of thoughtful, committed citizens can change the world, indeed, it is the only thing that ever has.”

**Slide 2:** I will start by restating why we are here, followed by the current status of basic infrastructure needs and then focus my presentation on population growth as an opportunity not to be missed. Ethiopia will not be able to take other measures to curb this population explosion, but we can prepare our population especially those between the ages of 15 to 64 for growth and development. I will conclude by focusing on what we can do to prepare the population.

**Slide 3:** Ethiopia is projected to be one of the ten populous nations in the world by 2050 along with DR Congo, Nigeria and Bangladesh to name a few.

**Slide 4:** I will not dwell on Ethiopia’s achievements, and they are many, to name a few:

- The economy has been growing in double digits,
- 6 of 8 MDGs achieved in 2015
- The proportion of people living below the poverty line has been halved,
- Hunger and undernourishment reduced.
- Access to education has expanded and the boy/girl ratio has narrowed
- Under five mortality reduced by 2/3.

Despite all these achievements, however, Ethiopia remains one of the poorest countries in the world. My job today is to tell it as is and make all of us uncomfortable with the hope that this will propel us forward.

**Slide 5:** This conference has been organized by forward-looking professionals who are concerned about the provision of critical infrastructure to the growing population. I must confess I did not realize how dire the situation is until I started preparing this talk. For those of you who knew please bear with me, for those like me it is good to be reminded of where we are starting from.

- Over 44 percent of the population lives below the national poverty line,
- With 23 % living on less than \$1.25 a day, and 78 % living on less than \$2.00 a day.
- It has one of the highest fertility rates and the highest rates of maternal deaths and disabilities in the world.
- Women of childbearing age have a one-in-52 chance of dying from childbirth-related causes each year.

- Every year, more than 257,000 children under the age of five die, and 120,000 die in the neonatal period.

**Slide 6:**

Let me mention the status of a few basic ones.

- Over 70% do not have electricity including 24% of primary schools and 30% of health centers.
- Internet penetration is one of the lowest in the world, around 18%. Next door, Kenya's is around 90%.
- Only half the population has access to clean water and
- Only 15 % have access to improved toilets.
- Right here in Addis only 10% of the houses have municipal sewage access.
- The literacy rate is only at 39% which is well below the LDC average of 77%.
- The urban population of Ethiopia is projected to triple from 15.2 million in 2012 to 42.3 million in 2037 growing at 3.8 %/year. The rate of urbanization will be even faster at 5.4%/year.

This is the reality we should keep in mind as we come up with bold and innovative ideas.

**Slide 7:** The UN replaced the 8 MDGs with 17 SDGs in 2015. These to name a few are, no poverty, affordable clean energy, decent work and economic growth, industry innovation and infrastructure etc. I have highlighted the goals for health education and clean water and sanitation. According to the government's own interim report, Ethiopia will not achieve any of the 17 SDGs.

**Slide 8:** Many developing countries such as Ghana, Rwanda, and Kenya have made use of new technologies as a means to bridge health, education and gender disparities. Even war torn Liberia has reached its micro grid of care that powers the last mile health care and connects it to higher levels of care as needed by using technologies and extensive solar energy. It can be done, and there are several examples here in Ethiopia as well.

**CLICK** The point is technological leapfrogging can be accelerated even faster if we get the basics right simultaneously.

**Slide 9:** Simple technology can change lives. Kenya has been known for M- Pesa. One needs some sort of ID, a bank account and a cell phone to use this technology. Those having all three are only 21% in Ethiopia compared to 74% in Kenya (Navis & Moore, CDG, August 2019). Kenya now uses e technology for reaching health to rural areas. Using the past few slides I have tried to show the state and limitations of the country whose population is projected to double by 2050. Planned carefully the population projection may present a one in a lifetime opportunity to lead to development and that is what I would like to focus on in the remaining few minutes.

**Slide 10:** I Like to start this section by acknowledging the extensive work that has been done by Prof. Assefa Haile Mariam and others. I recommend the slide show the Ethiopian Academy of Science has put together which explains population dynamics in very simple terms.

**Slide 2012:**

Demographic dividend refers to countries with the greatest demographic opportunity for development and those who are assuring a period, which the working age population has, good health, quality education, decent employment and a lower proportion of young dependents. Simply put, if you look at the population of Ethiopia in 2012 there are more people below the age of 15 and above 64 who are dependent.

**Slide 2032:** in 2032 you see the base of the pyramid shrinking and the middle beginning to bulge translation the number of people above age 15 starts to increase and the population below decreases; more people in the work force and less mouths to feed.

**Slide 2050.** here the working age population (15-64) will be bigger than dependents (0-14 and 65+).

The dependency ratio or the ratio of young (0-14) and old (65+) to the working age population will decrease **from 77% in 2015 to 63% in 2030 and 47 % in 2050.** Countries such as Japan, South Korea, Taiwan, Singapore, Thailand, Malaysia and Indonesia have used this effectively to grow, which became known as the East Asia miracle. Whereas countries in Latin America and other parts of the world who did not manage the demographic transition did not benefit from the demographic dividend.

If the transition to the demographic dividend is handled properly, Ethiopia will have a chance to develop. If not, Ethiopia will be a land of destabilized societies and insurmountable environmental problems.

**Slide 11:** On this slide you can see a few points to note:

1. There will be many young people entering the Labor Market Over the Next 20 Years.
2. By 2025 (only five years from now), the number of the working age population will be around 60% which will present a huge opportunity to diversify from rural to urban industrial and service centers.
3. If not managed proactively, it may cause a challenge to cities to provide jobs, infrastructure, services and housing.
4. More importantly a working age population especially youth needs to be engaged in nation building and not frustrated and be used for dismantling nations and the rule of law.
5. You can also see the duration of the demographic dividend is limited, which in the Ethiopian case picks at 2050 and starts to decline.

It is expected that by 2050 60% of all Africans will be living in urban space. Africa is one of the fastest urbanizing continents. Indeed it has been projected that between 2010 and 2050, 16 of the 20 fast growing cities will be on the African continent. This is attractive to investors provided there is indeed a productive workforce. It has been projected that between 2010 and 2025, 16 of the top 20 fast growing cities will be on the African Continent. This is attractive to investors provided there is indeed a productive workforce.

**Slide 12:** These are the critical ingredients to reap the benefits of the demographic dividend.

**On population structure:** Facilitate rapid fertility decline through higher usage of contraceptives, better child survival and improved education and empowerment of women

**Health:** invest in primary health care, especially reaching people in remote areas.

**Education and skills development:** invest in improving the quality of education at all levels to produce a well educated, skilled and innovative labor force.

**Economic growth:** across income, gender, and region lines for job creation for a rapidly increasing work force

**Good Governance:** fiscal polices, reforms to enhance savings, attract investment, ensure efficiency and accountability and fight corruption.

I will focus on three of these critical ingredients in detail.

**Slide 13:** First Education: The working age population will make a difference only if it is educated and healthy. Professor Amartya Sen, the Nobel Laureate on economics sciences in 1998, was asked why India, which showed signs of development before China, is lagging behind. He said the Achilles heel of India is poor quality education, poor health care and skewed development policies. He said China invested heavily in education, health and providing services to the rural population. Today China has extended electricity connections to nearly the entire population, whereas a third of the population in India does not have any electricity and yet electricity is government subsidized in urban areas, which show the skewed development policy.

We have two problems in Ethiopia as far as education is concerned. The first one is what is known as “Learning Poverty”, this is the inability of children not able to read and understand simple phrases by age ten. This is now identified as urgent as eliminating extreme monetary poverty, stunting and hunger. Ethiopia’s expenditure for primary education is 79% below the SSA average. This is one of the reason for learning poverty. The second one and related to the first one is the deterioration of the quality of education at all levels. While there are several universities and colleges now, according to world education review (November 2018) none of our universities feature on the African best universities ranking.

**Slide 14:** I am going to use girl's education as an example. One way of missing out on the demographic dividend is not to focusing on girl's education. If we continue:

- Allowing girls to leave school early to marry for economic or cultural reasons, maternal and child mortality will increase with repeated pregnancies and child sickness and death. A sure way to poverty and insecure old age. **CLICK**
- If we keep girls in school by providing them with family planning, good health care, employment, good polices and laws to protect them, they will lead the whole society to a better future and development.

Let us look at each one of these three critical areas

**Slide 15:** Second Scaling up health care: There are enough experts in this room to come up with excellent innovative and bold ideas in the ten challenge areas. This is just a conversation opener. This slide shows the interconnectedness of the nine challenge areas to scale up health care.

- By Getting access to clean water and sanitation 60-70% of communicable diseases will be taken care of
- Planned large scale urbanization will provide, jobs, housing and affordable health care
- Ensuring food security will result in well-nourished children to grow to a robust work force
- Dealing with sustainability and environment will decrease under nutrition by 50% ensuring the future workforce
- Dealing with the energy demand will provide access to new technologies for scaling up health care and reaching people in remote areas.
- STEM will provide Ethiopia with quality education and a skilled workforce in all areas.
- By increasing Internet penetration and access to electricity, prevention of both communicable and non-communicable disease, vaccinations and even intricate surgeries can be done in collaboration with outside institutions.
- In addition to job creation in all these areas for the 15-64 age group, these synergistic areas will ensure Ethiopia's chances to reap the benefits of the demographic dividend.

**Slide 16:** Third is Good Governance: The last half-century in Ethiopia has been fraught with political upheaval and unchecked population growth, unprecedented poverty despite a two digit economic growth during the last decade which has not been far-reaching or equitable. Economies cannot thrive in a country where there is no rule of law or transparency. In the BTI (transparency index, of 2018) Ethiopia stands at 113 out of 129 countries with a BTI index of 3.3 out of 10 in all the governance areas. I have a simplified picture of good governance on this slide. There are enough examples on how to transition and make the most out of the demographic dividend. There is no lack of enthusiasm or bold ideas. In the last few

years alone, when the situation in Ethiopia began to open up, even with the lack of basic infrastructure, we have seen many young Ethiopians who are trying to innovate and come up with new and bold ideas, (iceaddis, iCoglabs, Grohydro etc). However their efforts are stifled because of lack of good governance and uncertainty. Instead of spending their time on innovation, they spend it going from office to office to cut through a maze of bureaucracy or finding someone who knows some to help them or giving bribes openly. None of these initiatives will be scaled up to a level where it can make a difference. Whatever solution we come up with will not work without “ good governance”. Most who have sold their lives savings and came home to make a difference have been frustrated and gone back. A development program that started under one government will be destroyed when the next one comes to power. No one wants to invest in a country where there is no rule of law and uncertainty. For example there are shovel ready projects prepared by the African Development Bank called Program for Infrastructure development in Africa. One of the experts who prepared this document was telling me investors get excited and go to Ethiopia only to find out that they will not get government guarantee to protect their investment.

**Slide 17:** The two prerequisites for development are a healthy educated work force, with good governance being a given. We need to create jobs for the youth now. Ethiopia is one of ten countries that have the most out of school youth, surpassed only by Pakistan and Nigeria (world press.com). As a priority the bold and innovative ideas we come up with will create jobs for these out of school youth now.

Investing in quality education at all levels, but especially at lower levels is a priority, which has been a tested and tried fact that works. It is key to invest in primary health care to protect the rural population, which is still around 80%.

While the focus is on tertiary care in cities, unless we focus on primary health care the health budget will not be able to deal with both communicable diseases and Non-communicable diseases which go hand in hand with urbanization and development.

A hybrid solution for urban and rural areas with a focus on reaching people in remote and marginalized regions of the country will be critical to move ahead. An Environment, which fosters public private partnership and multi-sectoral collaboration, become critical at this stage.

I am not a politician; I actually do not like them! Unfortunately we need them. It is in the interest of everyone to influence the many political parties to run on a development platform to ensure this once in a lifetime opportunity. If not, we will have uneducated, unemployed and unhappy young people who will be used for the wrong purpose other than nation building.

These cannot be realized unless all politicians agree that Ethiopia will have an open investment policy for the next ten years, which will guarantee the protection of all investments to scale up education, health and creation of jobs for the youth.

**Slide 18:** As I conclude I wanted to focus on a multi-generational plan as a conversation platform to see what can be done in the ten challenge areas. This as you can see is not complete on purpose, it is just an example.

We start with recognizing the low base we are starting from. 2020 is a critical year to start accelerating the transition to realize the benefits of the demographic dividend.

If we spend the next five years in getting the basics right, investing in quality education, health and good governance, we can make good use of the workforce which will be 60% by 2025. This will ensure and speed up the transition to demographic dividend. We should use technology whenever possible especially if this will allow us to accelerate the process.

I am certain there are excellent bold and innovative ideas in all these areas that will be presented here. What we need to figure out now and what is difficult and what will make this different from other conferences is to come up with a plan that will survive political change.

May be one bold idea is to require/demand from these political parties an agreement that Ethiopia will have an open investment policy for the next ten years which will guarantee the protection of all investments to scale up education, health and creation of jobs for the youth irrespective of who wins the next election.

**Slide 19:** Finally a legitimate question will be where is the resource going to come from to bring these ideas to scale. I will mention three sources:

**First: Stop illicit financial flows!** According to the World Bank, SSA loses \$50 billion/year in IFF, \$90 billion in money laundering and 20-49 billion in corruption (theft and bribery). The amount of resources stolen from SSA is more than all the aid that comes to the continent. Between 2003-2012 the average annual illicit outflows from sub-Saharan Africa was 5.5% of its GDP.

Ethiopia lost anywhere between \$1259 to \$3153 million dollars every year (2005-2014). This means 11-29% of total trade, 40-97% of total aid flows 10-30 % of governments total revenue.

In 2010 ODA was 4 billion and IFF was 5.6 billion. Theft happens at ever-single level.

This brings us back to Good governance, in a country where there is no rule of law, transparency, accountability, efficiency and effectiveness and equity the limited resources would have to get misused.

**Second: Increasing the tax base and collecting taxes efficiently:** The difference between a developing and developed country is the tax base. While developed countries get 20-30 % of their revenue from tax, developing countries get only 10-14 %. In Ethiopia the tax base is low, the system is archaic and it is also a source of corruption. There will be more people earning and paying taxes.

**Third:** appropriate policies for foreign investment both as a guarantee to investors and also protecting the income that the country gets from investment including ODA.

Just by eliminating illicit financial flows Ethiopia will be able to finance and reach the SDG goals and the plan we can come up with.

**Slide 20:** Finally, ladies and gentlemen, with the brain power in this room alone, it will not be difficult to come up with bold and innovative ideas in the ten challenge areas to get to 2050. What is difficult is nothing can be done in the absence of good governance. Will it be too naïve in my part to demand these political parties to run on a development platform?

As concerned technocrats our job will be to bring these facts both to the public and the parties. As we come up with bold and innovative ideas in these two days let us keep this in mind. My bold idea! **“A non-negotiable agreement: whoever comes to power will create an environment of good governance where all investments, especially for education and health will be protected for the next ten years.”** Let us deliberate on the how in the next two days.

As we move into these two days of deliberations, let us remember the power we have to bring change. More importantly, as President Roosevelt once said, *“We cannot always build the future of our youth, but we can build our youth for the future”*. In our case Ethiopia’s future depends on it and we are in a position to do something now! I thank you!