FOREVER YOUNG?

SWAZILAND COUNTRY BRIEF
This brief is part of a series of outputs under the analytical work "Forever Young? Social Policies for a Changing Population in Southern Africa". Outputs include:

- Forever Young? Botswana Country Brief
- Forever Young? Lesotho Country Brief
- Forever Young? Namibia Country Brief
- Forever Young? South Africa Country Brief
- Forever Young? Swaziland Country Brief

© 2016 International Bank for Reconstruction and Development / The World Bank
1818 H Street NW, Washington DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org
All rights reserved

This work is a product of the staff of The World Bank with external contributions. Note that The World Bank does not necessarily own each component of the content included in the work. The World Bank therefore does not warrant that the use of the content contained in the work will not infringe on the rights of third parties. The risk of claims resulting from such infringement rests solely with you.

The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries. Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

Rights and Permissions

This work is available under the Creative Commons Attribution 3.0 Unported license (CC BY 3.0) http://creativecommons.org/licenses/by/3.0. Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work, including for commercial purposes, under the following conditions:


Translations—If you create a translation of this work, please add the following disclaimer along with the attribution: This translation was not created by The World Bank and should not be considered an official World Bank translation. The World Bank shall not be liable for any content or error in this translation.

Adaptations—If you create an adaptation of this work, please add the following disclaimer along with the attribution: “This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank”.

Third-party content—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures, or images.

All queries on rights and licenses should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.

Design: Kilka Diseño Gráfico
A DEMOGRAPHIC OPPORTUNITY TO BOOST ECONOMIC DEVELOPMENT

The demographic transition took up in the late 1970s in Swaziland, brought about by a sustained fall in total fertility rate. As a response to the drop in infant and child mortality (falling by over 60 per cent between 1950 and 1990), the average number of children per woman has declined from 6.7 in 1950 to 3.2 in 2015.

The progress of Swaziland through the demographic transition is indicated by the change in the age-sex structure of the population between 1950 and 2015, and the expected development to 2050 (Figure 1). By 2050, the bulk of Swaziland’s population will be in working-age, opening an opportunity to boost development. Indeed, the larger workforce can trigger an increase in output per capita – the demographic dividend.

BOX 1: THE HIV/AIDS EPIDEMIC HAS SLOWED DOWN, BUT NOT STOPPED, THE DEMOGRAPHIC TRANSITION.

The HIV/AIDS pandemic had severe effects on demographic trends in Swaziland, as life expectancy reversed its course and decreased dramatically between 1990 and 2005. The country will likely only regain the levels achieved prior to the epidemic in the late 2030s.

However, the HIV/AIDS pandemic has only slowed, not stopped, the ongoing demographic transition. Figure 1 illustrates the age-sex structure of the population between 1950 and 2015. The effects HIV/AIDS mortality is clear in the ‘hollowing-out’ between ages 40 and 60 in the population pyramid for 2015.

Projections for 2050 however predict a more standard shape for the population pyramid, as the deployment of anti-retroviral treatments allows for a drop in AIDS-related deaths. Simulations confirm that the epidemic will affect the expected level of population in Swaziland, but less so its projected age structure.
FIGURE 1. THE AGE STRUCTURE OF THE POPULATION IS STILL YOUNG BUT CHANGING RAPIDLY

Swaziland population age structure, 1950 - 2050

Source: Moultrie 2015.
DEMOGRAPHIC DIVIDEND, OR DEMOGRAPHIC BOMB?

Between now and 2050, Swaziland will experience a 43 percent rise in the absolute size of the working-age population. Additionally, the demographic transition will also bring along changes in the mean age and educational level of the workforce: these compositional effects will cause participation rates to rise naturally (Figure 2). Creating jobs for all these new entrants will require strong policy efforts and large investments. The country will need to create 250,000 jobs just to prevent current employment numbers from falling.

Surely, keeping unemployment rates constant will not be enough to harness the demographic dividend in its full potential. Swaziland suffers from double-digit unemployment, unequally distributed by age (Figure 3): half of the youth looking for a job cannot find one. If Swaziland is to employ the whole working-age population (including people who are now out of the force, and the unemployed), by 2050 it would need 760,000 extra jobs (244 percent more than exist today).

An even more severe challenge will be the creation of good jobs, which will give the next generation productive, fairly paid working lives that will allow them to save and invest, and bring on the benefits of both the demographic dividend. Currently, employment without contract or with no social security benefits is especially common among young workers (Brixiová and Kangoye 2013), indicating that Swazi youth are largely confined to low-productivity jobs.
**FIGURE 2. LABOR FORCE PARTICIPATION (LFP) IS LOW, BUT EXPECTED TO INCREASE**

Evolution of overall LFP in 2010-2050, assuming constant LFP by age, sex and education

**FIGURE 3. HIGH UNEMPLOYMENT, UNEQUALLY DISTRIBUTED BY GENDER AND AGE**

Overall and youth unemployment rate by gender

*Source: Margolis & Yassine 2015.*
LOWER FISCAL PRESSURE ON SOCIAL SECTORS AS THE SHARE OF DEPENDENTS DECLINES

Observed through the fiscal lenses, the ongoing demographic transition brings good news: for the next decades, a larger proportion of the population will be of working age, and will require neither early education nor elderly care services. In particular, public education expenditures under current per capita spending scenarios are forecast to drop by almost 2 percentage points of GDP between now and 2050 (Figure 4). On the other hand, a slow aging will not add significant fiscal pressure on social pensions and public health spending.

BOX 2. UNCERTAINTY IN REVENUES TO FINANCE SOCIAL SPENDING

In Swaziland, more than half of government expenditures are financed by the Common Revenue Pool (CRP), which is fed by revenues from the Southern African Customs Union (SACU). Revenues from SACU have recently declined due to lower-than-expected import receipts, and are projected to continue on a low trajectory in the medium term.

If SACU revenues continue along these grim forecasts, and the government does not offset the fall through such steps as improving efficiency of the public sector, Swaziland will find it increasingly harder to keep up current levels of social expenditure and maintain the sustainable fiscal path identified in the projections in Figure 4. There is already evidence, for instance, that falls in SACU revenues have undermined the enrolling of more people in anti-retroviral programs and the ensuring of consistent supply of medicines to those already receiving this treatment (University of KwaZulu Natal 2010).
FIGURE 4. Demography will lower fiscal pressure in social sectors

Aggregate spending as a % of GDP, 2010-2100

<table>
<thead>
<tr>
<th>Year</th>
<th>Education - Constant spending profile</th>
<th>Education - Spending profile converging to OECD</th>
<th>Health - Constant spending profile</th>
<th>Health - Spending profile converging to OECD</th>
<th>Non-contributory pensions - Constant spending profile</th>
<th>Non-contributory pensions - Spending profile converging to OECD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5.6</td>
<td></td>
<td>3.6</td>
<td></td>
<td>5.6</td>
<td>3.6</td>
</tr>
<tr>
<td>2050</td>
<td>2.1</td>
<td></td>
<td>2.1</td>
<td></td>
<td>2.1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Source: Oosthuizen 2015.
Tackling high levels of youth unemployment will require a sustained effort to increase both coverage, and the quality of educational services. Under current trends, gaps in enrollment and progression in secondary school are projected to persist in the future, with only two thirds of the pupils expected to complete Grade 12 as of 2050 (Figure 5).

**FIGURE 5. STILL A LONG WAY TO GO TO ACHIEVE FULL COMPLETION OF BASIC EDUCATION**

Tackling high levels of youth unemployment will require a sustained effort to increase both coverage, and the quality of educational services. Under current trends, gaps in enrollment and progression in secondary school are projected to persist in the future, with only two thirds of the pupils expected to complete Grade 12 as of 2050 (Figure 5).
BOX 3. GENDER-SPECIFIC CHALLENGES IN EDUCATION AND HEALTH

In Swaziland, the education challenge has also a clear gender dimension, that interacts with health issues such as teenage pregnancy, and HIV/AIDS. The gross enrollment ratio drops from 98 percent among young females in primary school to 57 percent in secondary school. Studies have estimated that up to 32 percent of school dropouts in Swaziland at secondary level could be due to teenage pregnancy (Mngadi 2007), that accounts for as much as 30 percent of total deliveries in the country.

A World Bank study recently showed that HIV prevalence among girls who dropped out of school in Swaziland were up to three times higher than for girls who were still in school—exacerbating and entrenching an already vicious cycle (Gorgens et al. 2016).

HIV incidence, the measure of risk of new infections, is over 4 percent among adolescent girls and young women, one of the highest for a population sub-group anywhere in the world. Many of these girls have been infected by men who are at least five years older, a result of common age-disparate relationships, often driven by transactional sex (Government of Swaziland 2015).

Social assistance transfers can lift vulnerable children and youth out of poverty and support them in accumulating human capital. At present, social assistance expenditure in Swaziland is heavily geared towards the elderly population: a benefit incidence analysis confirms that the impact of social grants on poverty among the non-elderly remains negligible (Figure 6).

If today’s children are tomorrow’s labor force, today’s youth are this evening’s force. If youth do not find productive employment, the changing demographics will bring not a dividend but a burden.

Active labor market policies, such as job intermediation and retraining services, can facilitate school-to-work transitions and ensure better matches between what workers can offer and what employers are looking for. Training services can help youth develop skills that employers need. And for vulnerable youth, social policies should go beyond the labor market dimension to address the sources of vulnerability specific to them.
FIGURE 6. THE POVERTY IMPACT OF CASH TRANSFERS ON CHILDREN AND YOUTH REMAINS NEGLIGIBLE

Poverty rates before and after cash transfers to households

Poverty rate (%)

Age

Post grants
Pre grants

Note: The estimates are based on the national poverty line. Source: Oosthuizen 2015.
Under the right set of policies, healthy and educated children can become large cohorts of productive adults. With access to jobs, these adults can fulfill their earning potential, save, invest, and contribute to the country’s fiscal revenues. And they can be more likely to raise healthy and educated children, leading to a virtuous cycle of social welfare.

But realizing the dividend is by no means assured. If Swaziland aims at taking advantage of the development opportunity offered by demography, it will have to act now and implement strategic social and economic reforms.
REFERENCES


