

## AFRICA'S DEMOGRAPHIC TRANSITION: DIVIDEND OR DISASTER?

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### KEY MESSAGES:

- Declines in child mortality, followed by declines in fertility, produce a youth “bulge” generation and a period when a country has a large number of working age people and a smaller number of dependents. If gainfully employed, a large number of workers per capita gives a boost to the economy.
- The different demographic profiles, including stubbornly high fertility rates in a majority of Sub-Saharan African countries, make it urgent to act with targeted attention to country context and specific needs across a number of sectors.
- To reap a large demographic dividend, Africa requires policies that accelerate the reduction in child mortality and help couples to achieve a smaller family size, empower women and girls by improving their health, increasing investment in their education and skills, and providing them with greater market, social, and decision-making power. The size and duration of a dividend will also depend on job creation and improvements in domestic saving.

### Introduction

Many African nations can reap significant gains from the demographic dividend – an economic opportunity that arises because of the change in the population structure due to declines in mortality and fertility and an increase in the share of the working age population relative to dependents. To realize the dividend, countries in Africa must make strategic investments in policies that support demographic change, access to good quality health and

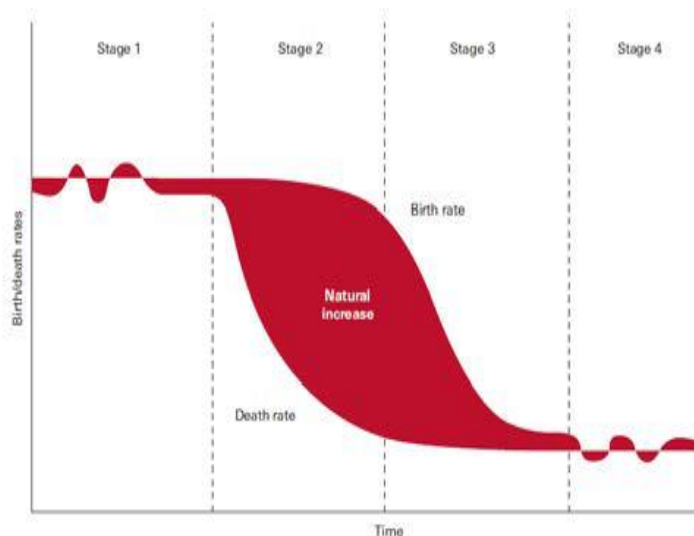
education, more jobs, especially in labor-intensive formal sectors, and institutionalized programs and incentives for savings. The focus needs to shift from population numbers to population structures.

A one-size solution does not fit all countries. In fact there is tremendous variation in the demographic transition within Africa – not only across countries, but also within countries. On average, 7 children are born to a woman in Niger compared to 4 in Ethiopia. Within Ethiopia, the fertility rate in rural areas is 5.5 children per woman, but 1.5 in the capital city, Addis Ababa.

**Achieving the transition requires investments in maternal and child health programs** in order to reduce child mortality. Households tend to have higher fertility if they have lost children. Despite substantial recent gains, child mortality levels are still higher in sub-Saharan Africa than the rest of the world. Reducing child mortality, morbidity, and malnutrition rates are critical precursors to accelerating the fertility decline, as well as the following policy actions:

- **Increasing female education and gender equity** – educated women tend to have fewer and healthier children.
- **Expanding access to comprehensive family planning** programs and addressing social norms on fertility enables families to achieve their ideal family size.
- **Reducing child marriage** is a formidable challenge in many parts of the continent, however by working with communities and the legal system, it can be accomplished.
- **Participation of women in the formal sector** can accelerate fertility decline and contribute to economic growth.

Figure 1 Stages of Demographic Transition



Data Source: Population Reference Bureau 2006

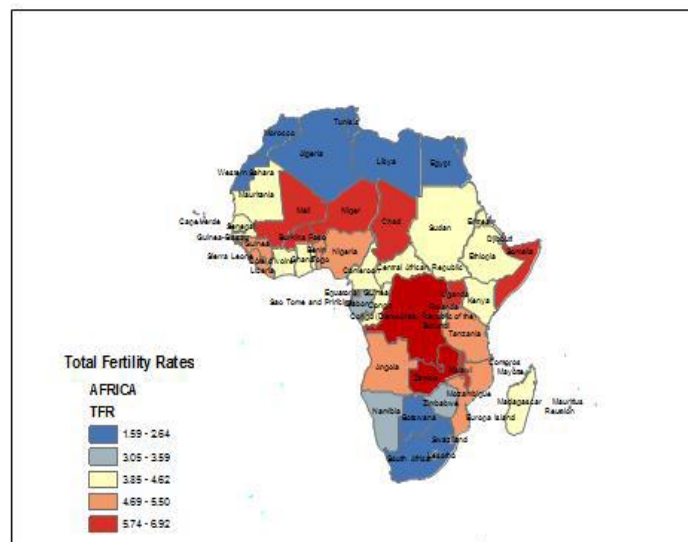
An incomplete demographic transition with low mortality and high fertility will only make the population pyramid have a larger base and will not lead to what is known as the youth bulge. As fertility decline is accelerated with

appropriate policies, a youth cohort emerges. But without economic development, this nascent labor force is more likely to work in agriculture and the informal sector, diminishing prospects for a real dividend for the continent.

Harnessing the **first stage of the demographic dividend** requires increasing the value of the youth workforce and making prudent investments in education, higher value chain sectors, and ensuring an active formal labor market. With consideration for the country context, the following policy actions will reap the first economic dividend:

- **Improve education for all youth** so that they have the skills and knowledge to work beyond just the manual labor market, thus increasing the formal labor force.
- **Attract foreign direct investment** in sectors that add value to the economy.
- **Improve the business environment** to build the demand for labor and ease constraints and governance issues.
- **Reduce trade barriers**
- **Encourage female employment** outside the home.

Figure 2 Total Fertility Rate for Africa

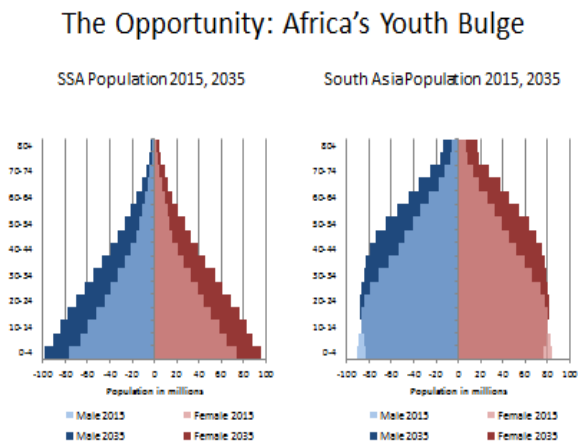


The **second stage of the economic dividend** is characterized by people having more disposable income to spend, an accumulation of physical and human capital,

and a permanent increase in the capital/worker ratio and output per capita. When a large share of older people move into higher-paying jobs because of accumulated experience, the second stage of the demographic dividend is achieved as the majority of the population accrues personal wealth. The second dividend is typically larger than the first, as seen in East Asia, where a combination of fewer children to support and increased life expectancy has led to increased gross national savings rates of about 14 percentage points. In Africa, **planning for the second dividend** requires policies and institutions to **encourage domestic savings**.

*This HNP Knowledge Brief highlights the key findings from a study by the World Bank on "Africa's Demographic Transition: Dividend or Disaster?" by David Canning, Sangeeta Raja, and Abdo Yazbeck.*

Figure 3 Africa's Youth Bulge



Source: United Nations, Department of Economic and Social Affairs, Population Division (2011). World Population Prospects: The 2010 Revision. <http://esa.un.org/wpp/Excel-Data/population.htm>

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*The Health, Nutrition and Population Knowledge Briefs of the World Bank* are a quick reference on the essentials of specific HNP-related topics summarizing new findings and information. These may highlight an issue and key interventions proven to be effective in improving health, or disseminate new findings and lessons learned from the regions. For more information on this topic, go to: [www.worldbank.org/health](http://www.worldbank.org/health).