

## THE CHALLENGE AHEAD

### INITIATING A DEMOGRAPHIC DIVIDEND

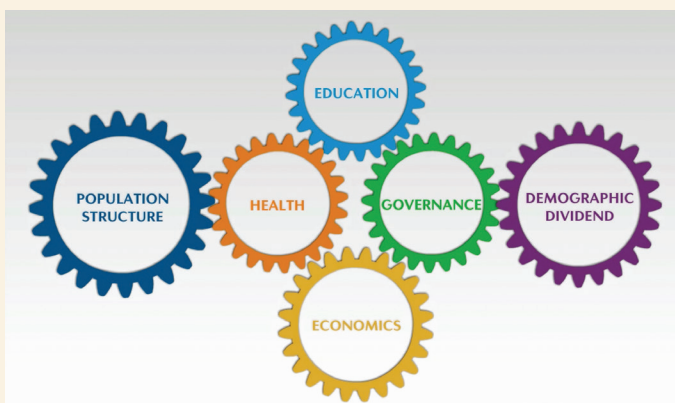
Over the past decade, countries throughout Africa have experienced sustained economic growth and unprecedented development. Despite these gains, almost two of every three people—or 660 million—are still living on less than \$2 per day.<sup>1</sup> Today's large youth populations hold great potential to catalyze social and economic development and reduce inequality and poverty, but only when governments make the right investments to transform this opportunity into reality.

The experience of many countries in Asia and Latin America suggests a pathway to harnessing the power of youth. An economic window of opportunity opened in these countries as a result of a rapid decline in fertility, which increased the proportion of working-age people relative to dependent children. Countries responded by improving health and education, attracting foreign investment, and enacting economic policies that created jobs. Combined, these investments resulted in the accelerated economic growth referred to as the demographic dividend.

To realize a demographic dividend, strategic investments are essential in these key areas:

- **Changing the Population Age Structure.** The first step toward a demographic dividend is a rapid fertility decline achieved through meeting the family planning needs of youth, women, and couples; improving child survival; and educating girls. These investments have proven effective in leading to changes in the population age structure: fewer children and thus fewer dependents compared to the working-age population.
- **Improving People's Health.** Healthy children do better in school, and this success ultimately contributes to a higher-skilled labor force. Youth have a different set of health needs to address, and maintaining the health of adult workers is critical to economic productivity.
- **Investing in Education.** Education systems must focus on ensuring that young people complete school and giving youth the skills to adapt to the changing labor market.
- **Tailoring Economic and Governance Policies.** Economic and governance policies must foster job growth and investment in labor-intensive sectors, improve and expand infrastructure, promote trade to ensure access to international markets, and create a secure environment with incentives for direct foreign investment.

#### Box 1: Defining the Demographic Dividend



The demographic dividend is the accelerated economic growth that may result from a rapid decline in a country's fertility and the subsequent change in the population age structure. With fewer births each year, a country's working-age population grows larger relative to the young dependent population. With more people in the labor force and fewer young people to support, a country has a window of opportunity for rapid economic growth if the right social and economic investments and policies are made in health, education, governance, and the economy. Investments in today's youth population can position a country to achieve a demographic dividend, but the gains are neither automatic nor guaranteed.

Initiating a demographic dividend starts with changes to a country's population age structure: Countries need to have a smaller school-age population and a larger working-age population. As long as the school-age population outnumbers the working-age population, the potential for accelerated economic growth is limited. Given the large youth populations in many African countries today, investments in child survival, education, and family planning—giving couples the ability to choose the spacing and number of their children—are all essential. These interventions will not only benefit the current population, but will cause the population age structure to change quickly, benefiting the country for generations to come.

### FAMILY PLANNING HELPS TRANSFORM POPULATION AGE STRUCTURE

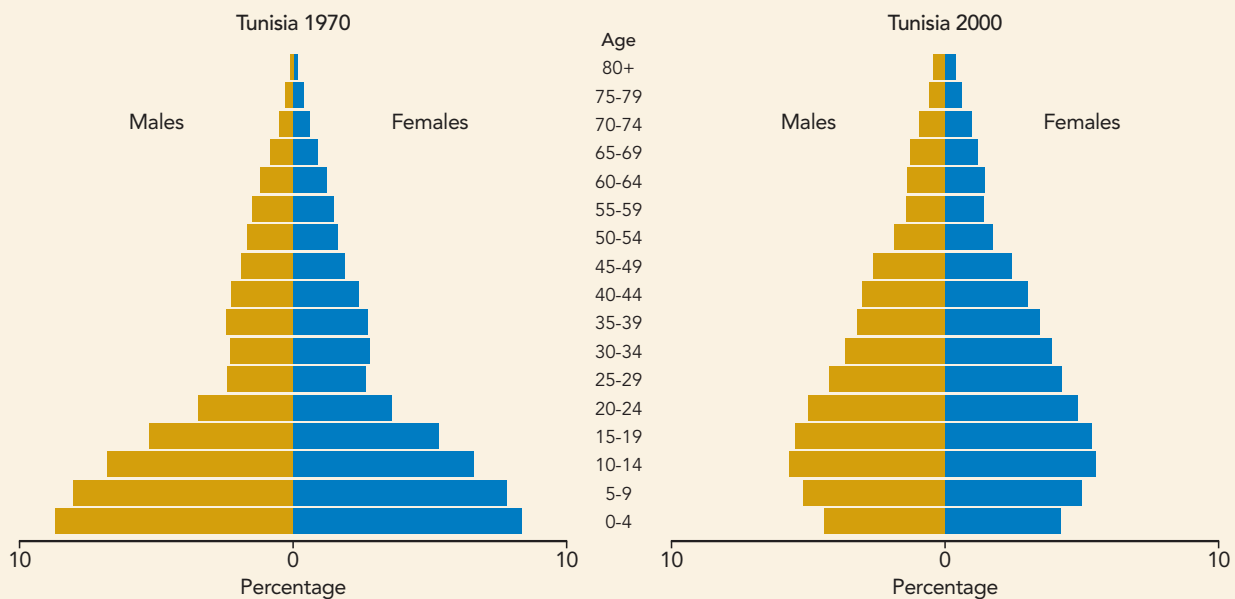
To move toward a demographic dividend, countries must go through a demographic transition—from high to low birth and death rates. Although most countries have made significant progress in reducing mortality, many countries continue to sustain high levels of fertility, and are therefore not poised for a demographic dividend. As long as fertility and resulting population growth rates remain high, the size of the school-age population will be larger than the working-age adult population. Families and governments will struggle to adequately invest in the health and education of children and will have few additional resources to invest in the infrastructure needed to spur job creation and economic growth.

The cornerstone of lowering fertility is investing in family planning programs. Many men and women choose family planning when they learn the benefits of smaller, healthier families and have access to quality, voluntary family planning information and services. However, more than 50 percent of married women in Africa who don't want to become pregnant or want to delay a pregnancy are not using a modern contraceptive method.<sup>2</sup> Among married adolescent girls the proportion jumps to 80 percent.<sup>3</sup> Greater political commitment and increased resources for family planning—as seen in several countries in eastern and southern Africa—are critical for positioning more African nations to achieve a demographic transition. Through promoting use of family planning and modern contraception, fertility rates will decline and countries can begin to change population age structure, setting the stage for a demographic dividend.

### CHILD SURVIVAL LEADS TO LOWER FERTILITY

When parents see that their children are surviving and thriving, they recognize the need for smaller families and are willing to spend more of their resources on their children's health and education. Investments in child survival play a key role in initiating and sustaining lower levels of fertility; as infant and child deaths decrease, the desire for a smaller family and demand for family planning will increase.<sup>4</sup> In many countries in Africa, couples still desire large families, in part because of high inequality in improvements in child survival. While most African countries have made great improvements in child survival over the last

## Box 2: Fertility Reduction Facilitates Tunisia's Demographic Dividend



Over a 30-year period, Tunisia underwent a transition that initiated a demographic dividend. Fertility decreased from 6.4 births per woman to 2.1, and under-5 mortality dropped from 177 deaths per 1,000 live births to 30. At the same time, gross national income per person increased from \$1,054 to \$2,594 (in constant 2005 \$US). With the changing population age structure and investments in health, education, economic policy, and governance, Tunisia was able to harness a demographic dividend.

**Source:** World Bank, World Development Indicators, accessed at <http://databank.worldbank.org/data/home.aspx> on Oct. 24, 2013.

decade, among the poorest households, child death rates are still nearly double the rate of wealthy households.<sup>5</sup> Correspondingly, total fertility rates are also about twice as high among Africa's poor households than its wealthy ones.<sup>6</sup> The persistent inequality reflects the need to ensure that the poor have access to child survival interventions and family planning programs to further facilitate the demographic transition needed for accelerated economic growth.

## EDUCATION IS VITAL TO INITIATING A DEMOGRAPHIC DIVIDEND

When both boys and girls have access to education, accelerated economic growth is possible. In the case of girls, education—especially at the secondary level—actually helps initiate the needed fertility decline. Secondary education helps girls delay marriage and first pregnancy and opens up new opportunities for women beyond their traditional roles in the home. Women who marry later tend to have fewer children than women who marry at a young age. Studies indicate that in African countries with high fertility and low average age at marriage, future population growth could be slowed by as much as 15 percent to 20 percent by delaying marriage and childbearing by five years.<sup>7</sup> Data also indicate that education is closely tied to childbearing and desired family size. A recent study of 30 African countries found that women with secondary or higher education have on

average lower fertility than women with no education (3.4 vs. 6.3 births per woman), and the same is true for desired family size (3.7 vs. 5.6 births per woman).<sup>8</sup> Thus, education has an effect in both reducing fertility and modifying social norms related to childbearing.

## REALIZING THE DIVIDEND

Africa is the only remaining region of the world where many countries still have the opportunity to capitalize on a demographic dividend. Many countries are making progress in the key policy areas, but most countries must increase their commitment to strategies that hasten a fertility decline and open the window for a demographic dividend. Family planning is one of those essential strategies.

Today's large youth populations can turn into a powerful workforce, driving a nation's economic growth, but leaders must invest in the right policies and programs toward achieving that goal. Lessons learned from nations who have reaped the rewards of the demographic dividend are clear—the benefits are possible, but only when the dependent population grows smaller and key investments are made in health, education, economic policy, and governance. While each country is unique, the demographic dividend suggests an opportunity for youth to accelerate economic growth in Africa. The time to take action is now.

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## Acknowledgments

Special thanks to James Gribble, former vice president for International Programs at PRB, and Jason Bremner, program director, Population, Health, and Environment at PRB, who developed an earlier version of this brief. Additional thanks to Marissa Yeakey, senior policy analyst at PRB, Beth Fredrick of Advance Family Planning, Johns Hopkins Bloomberg School of Public Health, and Nichole Zlatunich of Futures Group for their insights and valuable suggestions. This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under the terms of the IDEA Project (No. AID-OAA-A-10-00009). The contents are the responsibility of the Population Reference Bureau and do not necessarily reflect the views of USAID or the United States Government.

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