



AFRICA HUMAN CAPITAL HEADS OF STATE SUMMIT

Africa Human Capital Technical Briefs Series

Africa's Moment: The Promise of a Demographic Dividend

July 2023

KEY MESSAGES

Sub-Saharan Africa (SSA) has unique demographic characteristics with great opportunities. Its population is growing rapidly; it remains the only region where the youth and working age populations continue to grow; and it is the region where mortality and fertility rates are respectively declining substantially and modestly, but remaining the highest now, and for the next 30 years. With the right policies in place, this unique demographic profile is the greatest strength in the region, presenting the

greatest opportunities for accelerating economic growth, and promoting resilience and social cohesion. Africa's sunrise is on the horizon, the younger populations are healthier and likely to survive longer. These favorable demographics will change with time, and the working age and youthful populations will eventually dwindle in size and proportion as they are projected to do in countries like China and India. This potential must be harnessed.

WHY IS THIS TRANSITION HAPPENING?

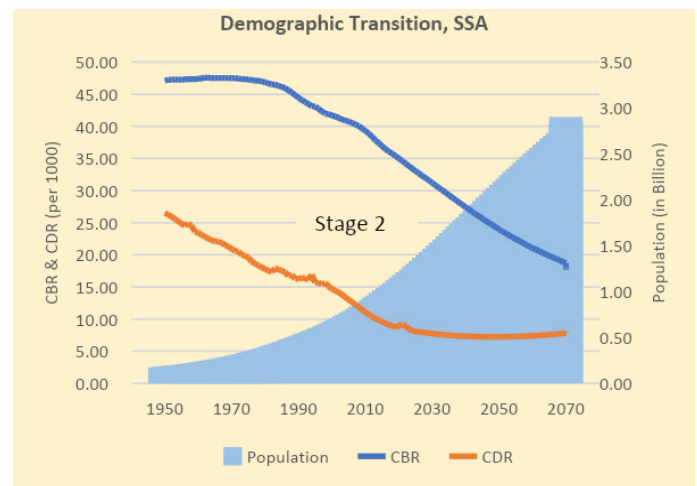
This transition is happening because of improvement in health, and a substantial decline in mortality that has been accompanied by a modest decline in fertility. The current generation of young people have the longest predicted life expectancy than has ever happened in the region, with 15-year-olds having a more rapid

increase in chances of surviving to 60 years. This is a huge and important achievement that the region is reaping. The growing youth population of the region also poses challenges in terms of providing education, healthcare, and employment opportunities.

WHY FOCUSING ON THE DEMOGRAPHIC TRANSITION MATTERS FOR AFRICA:

SSA has a slow demographic transition compared to any other regions in the world and is currently in the second stage of the demographic transition¹ with a declining death rate, while the birth rate remains high with a slow decline. The implication of this slow demographic transition is that the region is experiencing a youth bulge, with a high proportion of young people who will soon enter the workforce.

Potential for demographic dividend in SSA: As the demographic transition in SSA is in its early stages, this will lead to a shift in population age structure, with a larger proportion of working-age population relative to dependents. This shift could potentially lead to a demographic dividend, which refers to the economic growth that can result from having a larger proportion of the population in the working-age group relative to the dependents.



Harnessing demographic dividend in SSA: The demographic dividend presents opportunities for economic growth in SSA. A larger youth and working-age

¹ A demographic transition describes the shift in birth and death rates as a country or region develops economically. It is a four-stage process: Stage 1: Pre-transition: high birth and high death rates. Stage 2: Early transition: death rates decline, but birth rates remain high and decline slowly. This leads to a rapid increase in population growth. Stage 3: Late transition: birth rates decline, and the population growth rate slows. Stage 4: Post-transition: birth and death rates are low, and the population growth rate is zero or negative.

population in SSA can contribute to improved economic growth through increased productivity and innovation. It is expected that income and consumption levels can be increased as the working-age population grows larger than the dependent population. For instance, a study found that if African countries continue to make economic progress, the demographic dividend could contribute 11-

15% of GDP growth by 2030 and help reduce poverty by 40 to 60 million people.² However, without the right policies, SSA could face several challenges in realizing the potential of the demographic dividend, including high youth unemployment rates, inadequate investment in education, health, and infrastructure, and gender inequality.

POLICY RECOMMENDATIONS

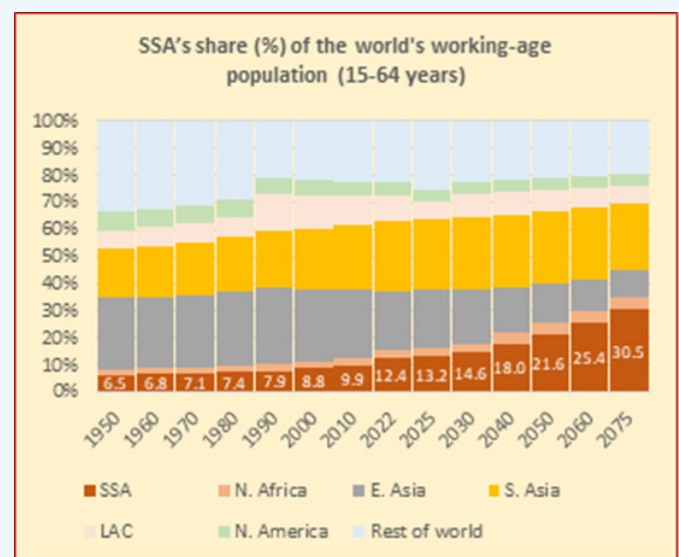
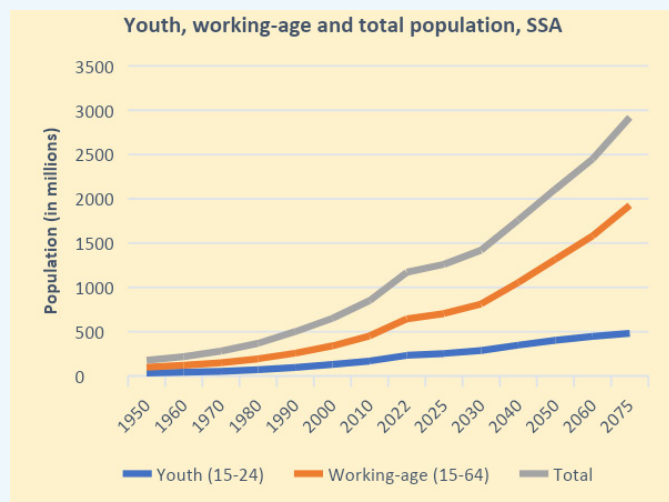
Investing in human capital to realize the demographic dividend in SSA: To reap the benefits of the demographic dividend, SSA needs to invest in its human capital. This means investing in education and healthcare to ensure that the growing youth and working-age population is well-educated and healthy. In addition to investing in human capital, the region also needs to invest in infrastructure, institutions, and gender inclusiveness to support economic growth and job creation.

² Ahmed, S. A., Cruz, M., Go, D. S., Maliszewska, M., & Osorio-Rodarte, I. (2016). How significant is Africa's demographic dividend for its future growth and poverty reduction? *Review of Development Economics*, 20(1), 154-173. doi:10.1111/rode.12227

Relevant Data

With 1.2 billion people in SSA in 2022, and growing at the rate of 2.5% per annum, the region will have double its population size in about 30 years. It will reach 2.9 billion people in 2075 and become the largest region at 28% of the world population. The share of the SSA youth (aged 15–24 years) will continue to increase, exceeding all regions by 2060. In just over 50 years, SSA youth population will increase more than two-fold from 232 million in 2022 to 481 million in 2075. Conversely, the youth population of China and India are expected to decline significantly over the coming decades. In 2022, there were approximately 161 million youths in China, which is expected to fall to 99 million in 2050, and further to 76 million by 2075. India's youth population is also declining, though at a slower pace, from about 255 million in 2022 to 217 million in 2050, and 182 million in 2075.

SSA is the only region with an increasing working age population (15–64 years), from approximately 643 million people in 2022, the working age population will reach 1.3 billion in 2050, and over 1.9 billion in 2075. SSA's share of working age population to the world will increase by three-quarters over the coming 30 years, from 12% in 2022 to 22% in 2050, reaching 30% in 2075. The other regions' share of the working-age population is projected to remain stable or decline during this time.





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