

# Africa's Demographic Dividend

## An Elusive Window of Opportunity?

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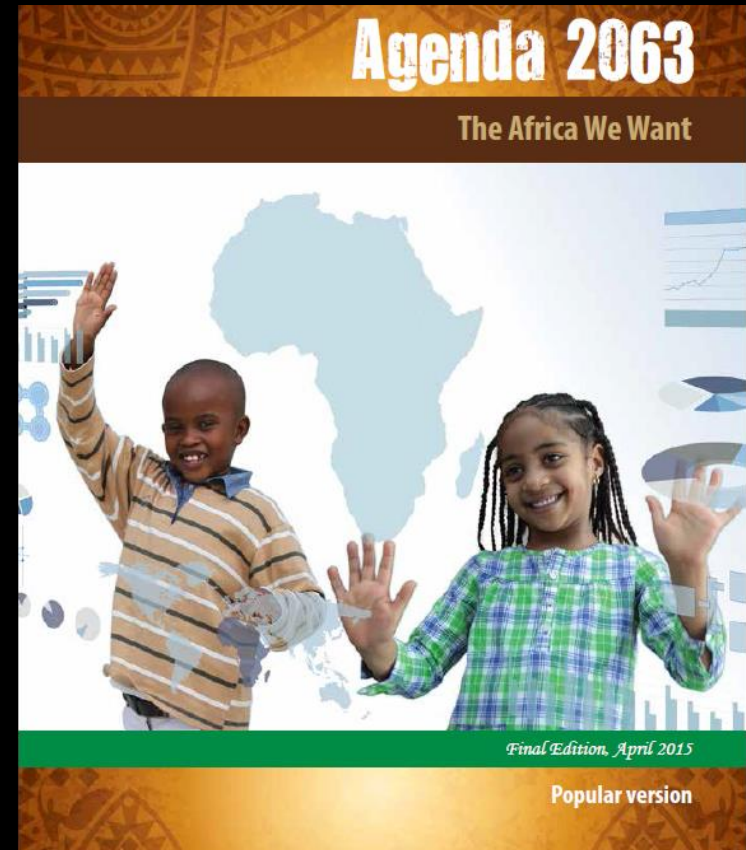
NTA12, Mexico City, Mexico,  
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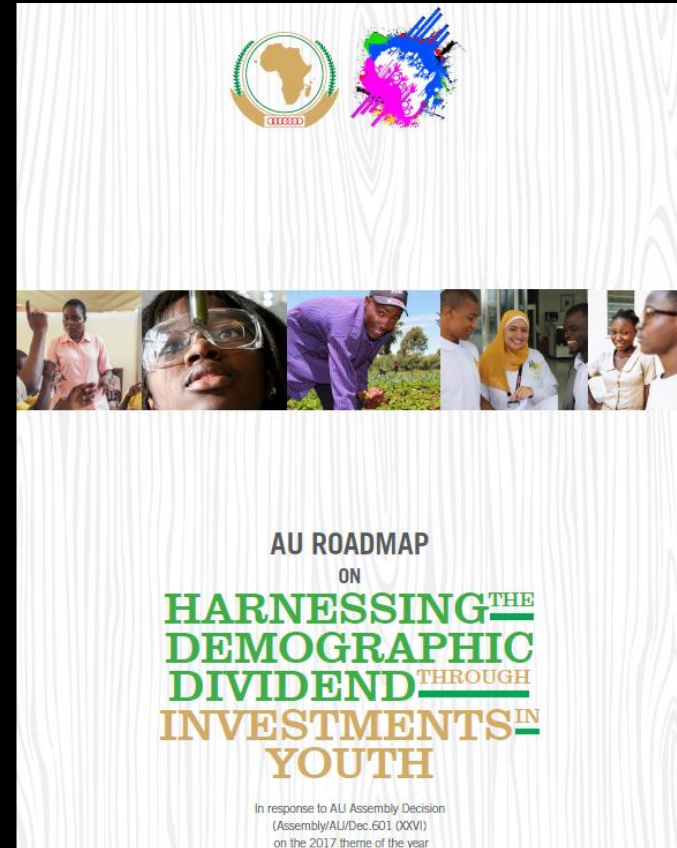
# Agenda 2063

- A 50-year vision for Africa
- Broad 2-year consultative process
- Expected to shape country development agendas
- Failure to reap DD as a major risk factor



# A Continental Roadmap

- 2017, year of the DD
- Recognizes persistent high fertility as a problem
- A how-to guide
- Four pillars
  - Employment & entrepreneurship
  - Education & skills development
  - Health & wellbeing
  - Rights, governance & youth empowerment



# Wishful thinking?

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- Lots of skepticism
- The challenge of a slow fertility transition
- Preconditions for harnessing a dividend
  - Demographic window of opportunity open
  - Required policies/institutions in place and right investments made (AU roadmap)

# Defining the demographic window of opportunity

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- Age structure changes favorable to economic growth
- Three commonly used definitions
  - I – Demographic dependency:  $\text{Under15} < 30\%$  &  $65+ < 15\%$
  - II - World Bank:  $\text{TFR} < 4$
  - III - NTA: Support Ratio rate of growth positive  
 $\text{SR} = \text{number of workers} / \text{number of consumers}$

# Opening the demographic window

Region/Country	Start of first dividend phase by definition		
	U15/Pop<30 %	TFR<4.0	SR growth +
<b>Cameroon</b>	2062	2028	2001
<b>Central African Republic</b>	2057	2028	2002
<b>Chad</b>	2070	2039	2010
<b>Congo</b>	2068	2028	1990
<b>Equatorial Guinea*</b>	2050	2024	*
<b>Gabon</b>	2039	2013	1999
<b>Sao Tome &amp; Principe</b>	2060	2024	1994

# Opening the demographic window

<b>Region/Country</b>	<b>Start of first dividend phase by definition</b>		
<b>Western Africa</b>	<b>U15/Pop&lt;30 %</b>	<b>TFR&lt;4.0</b>	<b>SR growth +</b>
<b>Benin</b>	2068	2032	1993
<b>Burkina Faso</b>	2068	2035	1996
<b>Cabo Verde*</b>	2020	1998	1982
<b>Côte d'Ivoire</b>	2078	2033	1993
<b>Guinea</b>	2061	2028	2007
<b>Guinea Bissau</b>	2059	2025	1999
<b>Mali</b>	2070	2040	1998
<b>Mauritania</b>	2061	2028	1989
<b>Niger</b>	2090	2059	2030
<b>Senegal</b>	2064	2029	1999
<b>Togo</b>	2061	2023	1998

# SR, SR growth rate and status of window in 2100

<b>Middle Africa</b>	<b>Survey date</b>	<b>SR 2016</b>	<b>SR growth rate*</b>	<b>Window in 2100</b>
<b>Cameroon</b>	2014	0.50	0.51	OPEN
<b>Central African Republic</b>	2008	0.55	0.54	CLOSED
<b>Chad</b>	2011	0.39	0.29	OPEN
<b>Congo</b>	2011	0.38	0.22	OPEN
<b>Gabon</b>	2005	0.39	0.69	CLOSED
<b>Sao Tome &amp; Principe</b>	2012	0.50	0.57	OPEN

\* % increase of income per effective consumer 2015-16 due to changing age structure



# SR, SR growth rate and status of window in 2100

<b>Western Africa</b>	<b>Survey date</b>	<b>SR 2016</b>	<b>SR growth rate</b>	<b>Window in 2100</b>
<b>Benin</b>	2015	0.41	0.47	OPEN
<b>Burkina Faso</b>	2014	0.45	0.45	OPEN
<b>Côte d'Ivoire</b>	2015	0.38	0.27	OPEN
<b>Guinea</b>	2012	0.41	0.28	CLOSED
<b>Guinea Bissau</b>	2010	0.41	0.46	OPEN
<b>Mali</b>	2015	0.44	0.13	CLOSED
<b>Mauritania</b>	2014	0.45	0.47	OPEN
<b>Niger</b>	2014	0.36	-0.57	OPEN
<b>Senegal</b>	2011	0.37	0.37	CLOSED
<b>Togo</b>	2011	0.36	0.59	OPEN

# Questions on the demographic window of opportunity (DWO)

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- The big question for policy makers is if :
  - I – the DWO is inevitable....

Or

- II – the DWO is a potential...

# Questions on the demographic window of opportunity (DWO)

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- According to the link between GDP ( $Y$ ) and Support Ratio ( $SR$ ), (Mason et al., 2017 )

$$\frac{Y(t)}{N(t)} = \frac{Y(t)}{L(t)} SR(t)$$

- The solution depends on the potential of the economy and the type of equilibrium that can exist in an economy

# Questions on the demographic window of opportunity (DWO)

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Potential GDP changes for three reasons:

- An increase in the full-employment quantity of labor
- An increase in the quantity of capital (physical or human)
- An advance in technology

# Different types of equilibrium

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- Short-run macroeconomic equilibrium
  - **Short-run macroeconomic equilibrium** occurs when aggregate demand equals aggregate supply
  - In short-run equilibrium, real GDP can be greater than or less than potential GDP

# Different types of equilibrium

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- Long-run macroeconomic equilibrium
  - **Long-run macroeconomic equilibrium** occurs when real GDP equals potential
  - Because the quantity of labor grows, capital is accumulated, and technology advances, potential GDP increases

# Different types of equilibrium

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Aggregate demand and supply fluctuate in the short run, but the money wage does not change rapidly enough to keep real GDP at potential GDP

It is therefore important to investigate which of the following equilibriums occur to better analyze the window of opportunity

# Different types of equilibrium

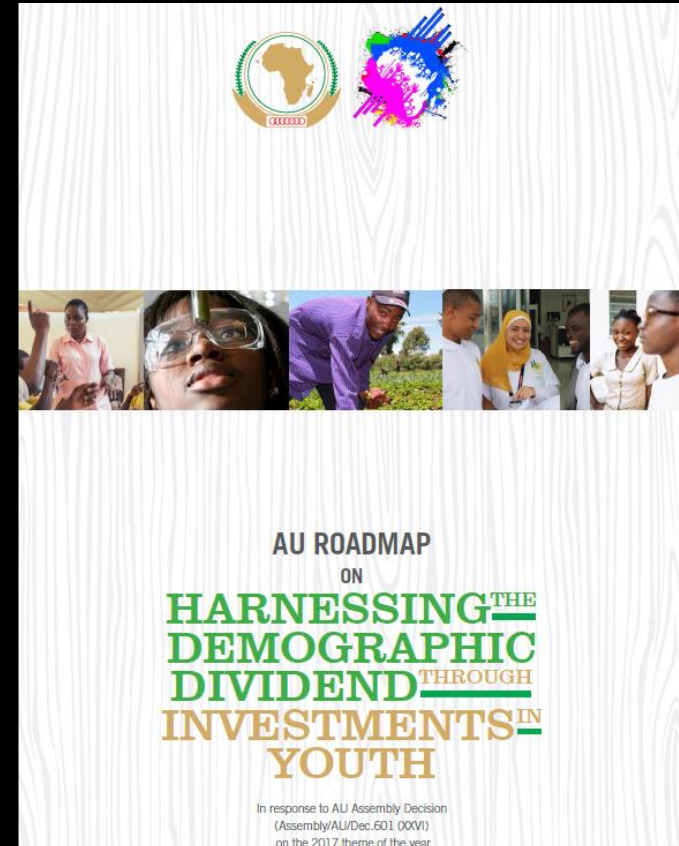
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- **An above full-employment equilibrium** is an equilibrium in which real GDP exceeds potential GDP
- **A full-employment equilibrium** is an equilibrium in which real GDP equals potential GDP
- **A below full-employment equilibrium** is an equilibrium in which potential GDP exceeds real GDP



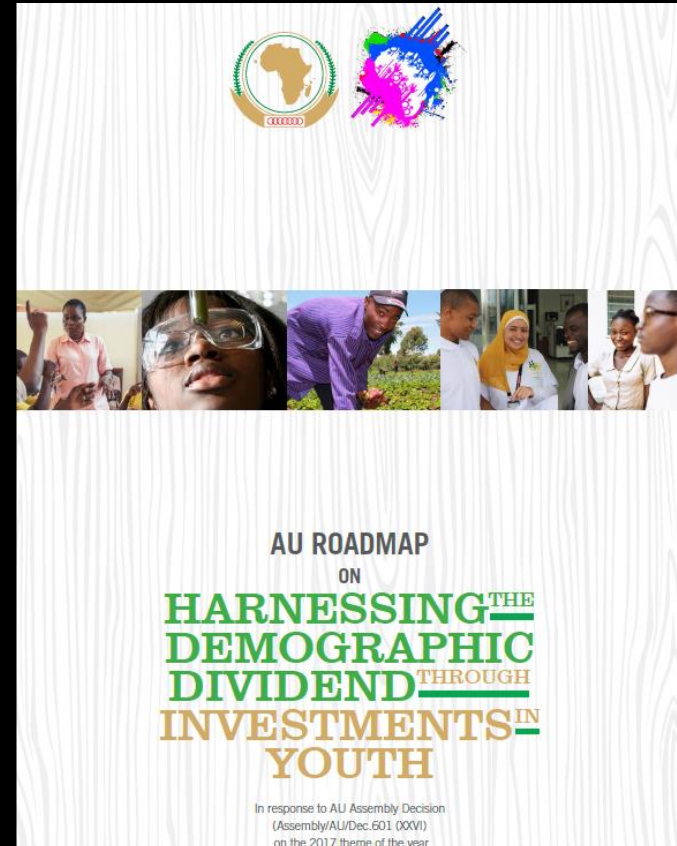
# Ensuring effective implementation of the Roadmap (1)

- Political will
- Peace and security
- An efficient state bureaucracy
- Rule of law



# Ensuring effective implementation of the Roadmap (2)

- Scientific evidence to guide policy
- Stronger data systems including a multi-sectoral observatory
- Development of national profiles
- Building local capacity



# Supporting the movement: Responding to the AU Roadmap

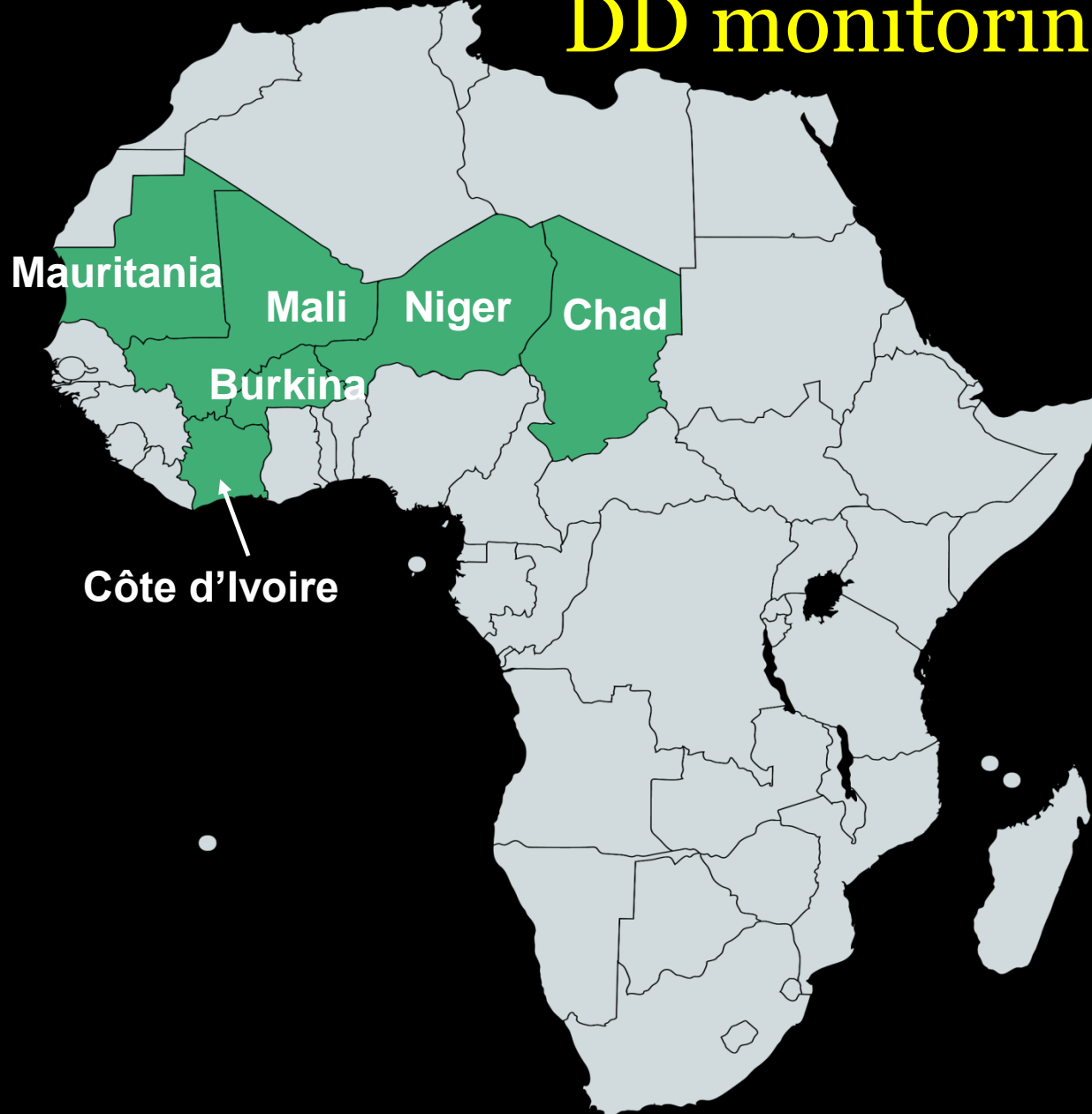
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- UNFPA WCARO, Dakar
- CREFAT, U de Thiès, Sénégal
- NTA Network
- Focus on Middle and Western Africa
- Train national teams to produce country profiles
- Support policy dialogue and M&E

# NTA training and development of country profiles, 2015-2017



# Implement national observatories with DD monitoring index



# Broadening the partnership

## More than 12 universities in West Africa

- Center of Excellence for Research in the Generational Economy (CREG)
- Universities of Thiès and St-Louis (Senegal)
- University of Parakou (Benin)
- University Abdou Moumouny of Niamey (Niger)
- University of Ibadan (Nigeria)
- University of Cocody ( Côte d'Ivoire)
- University of Ghana, Legon and KNUST (Ghana)
- NTA Network

# What next?

- Until now focus on:
  - Training country teams
  - Developing country profiles
  - Developing DD monitoring index at national and subnational level
- Country teams' ability to lead development policy will be critical
- High-level policy dialogue
- Programing DD by linking it to the budget at national and subnational level



THANK YOU

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