

# Summary of African NTA

Cape Town Workshop

May 1, 2010

# Overview of NTA

- National Transfer Accounts represent a new set of tools that reveal the age dimension of the economy
- NTA shows how population produce, consume, save and share resources by age group
- Due to biological forces, in all countries, children and the elderly consume more than they produce. They rely on economic flows from working age adults.
- In African countries, working-age adults are devoting so much to the basic needs of their many children that too little is left to invest in their children's education or to save and invest for their own future.
- To ensure that incomes are adequate to support current consumption and investment for the future, policies need to draw a wide range of the population into the workforce, including young adults, women, and the elderly who are still able-bodied.

# Workshop Output

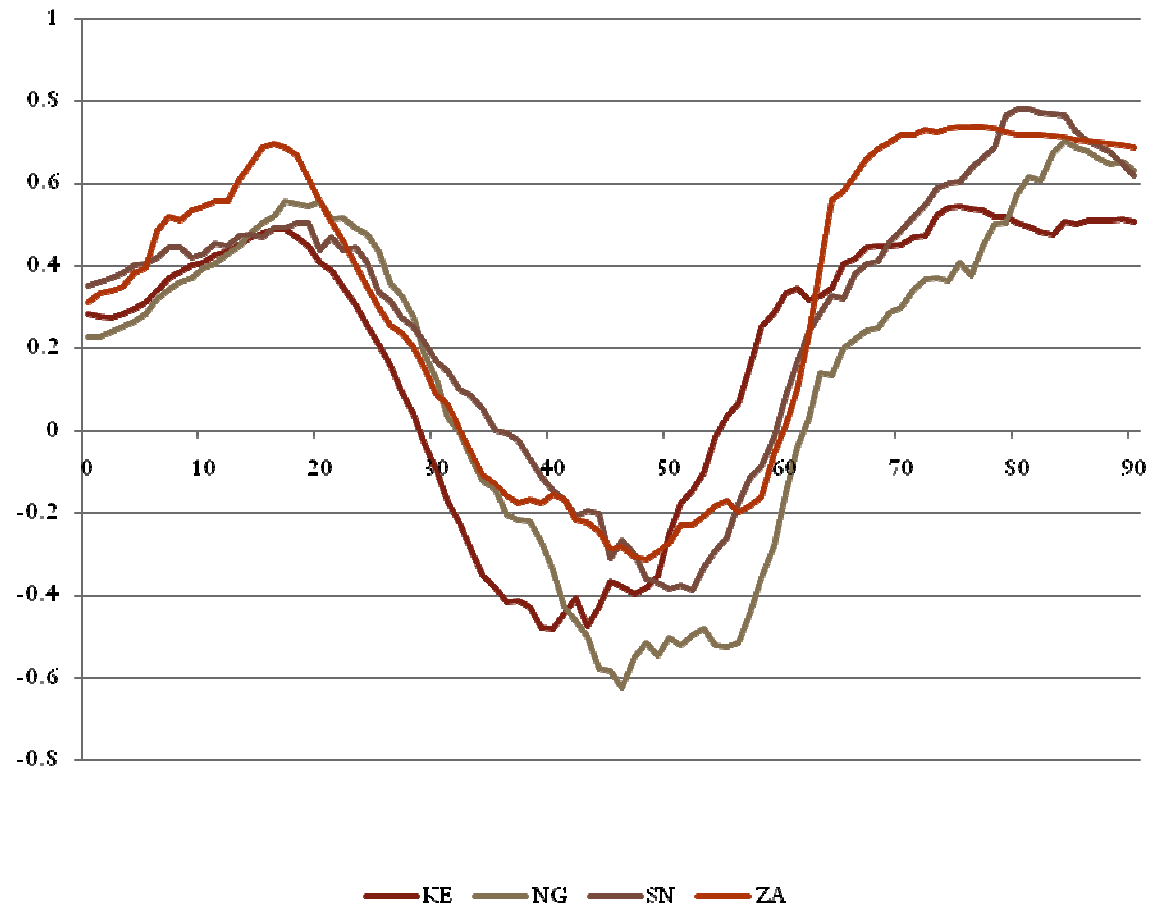
- Revising the lifecycle deficit part of NTA
- Constructing the age profiles of public transfer inflows and outflows
- Estimating the age profile of inter-household transfers
- Understanding how economic flows within the family: intra-household transfers
- Results here are presented in per capita values, normalized by mean labor income ages 30-49 for each country profile

# Economic Lifecycles in Africa

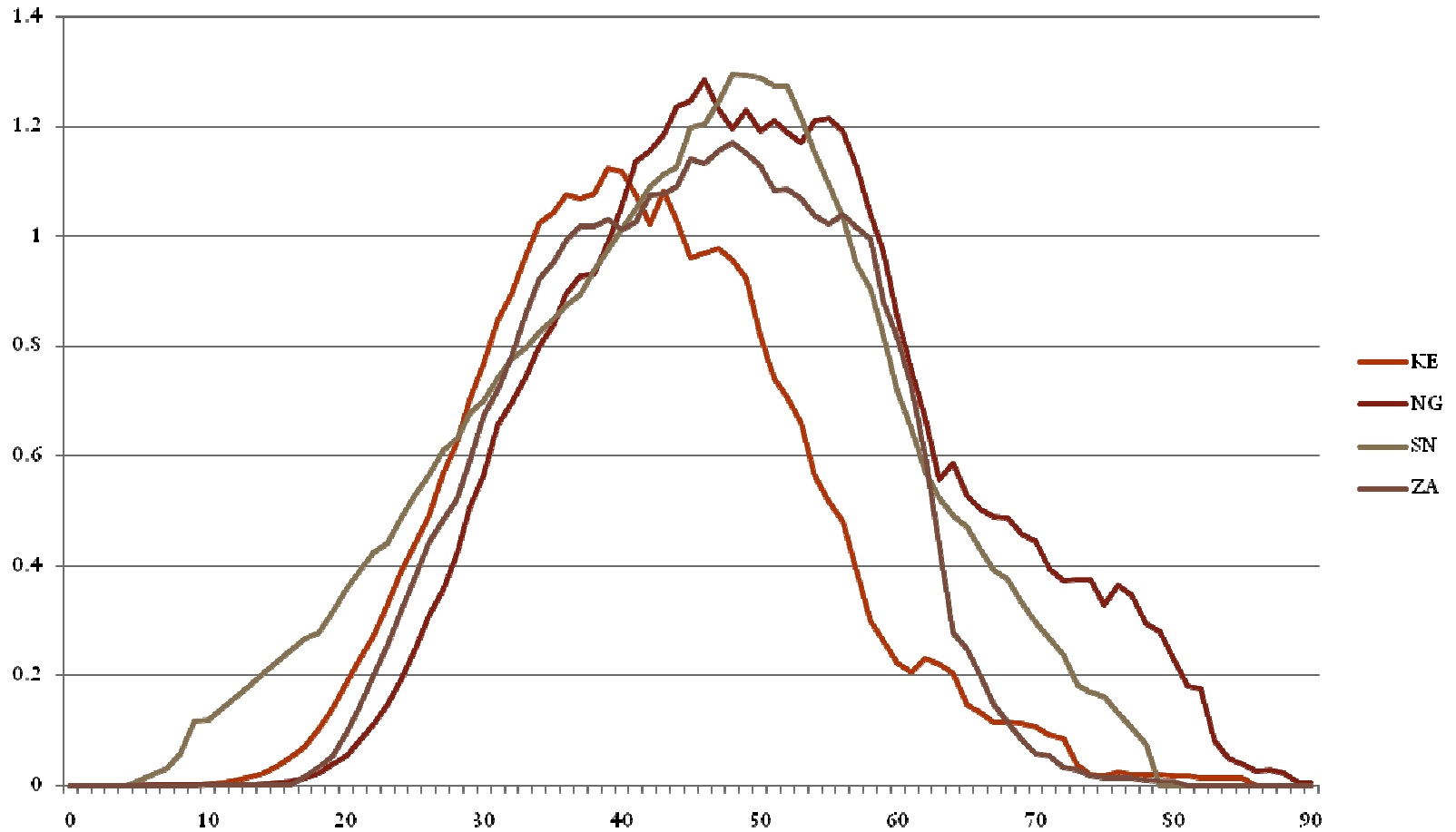
Country	1 <sup>st</sup> cutting age	2 <sup>nd</sup> cutting age	Total surplus years
Kenya	29	55	26
Nigeria	32	62	30
Senegal	35	60	25
South Africa	33	60	27
Mozambique			

# Economic Lifecycles in Africa

Variations in the cutting ages of lifecycle deficits among African NTA Countries



# Labor Income



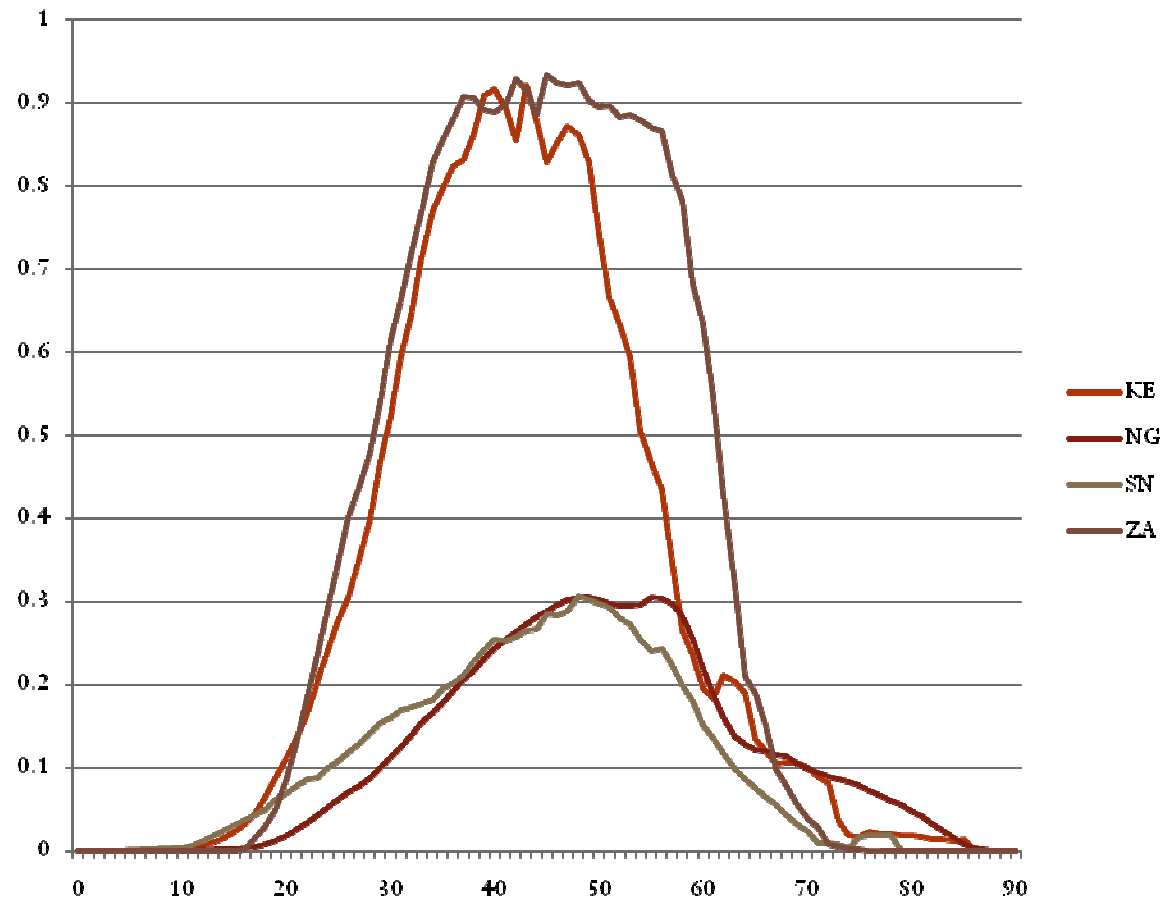
# Ratio of Earnings and Self-employed Income in Total Labor Income

	Kenya	Nigeria	Senegal	South Africa
Earnings (wages)	76	23	20	91
Self-employed	24	77	80	9

# Earnings

High earnings for  
South Africa and  
Kenya

Not much formal  
employment in  
Nigeria and Senegal  
(?)

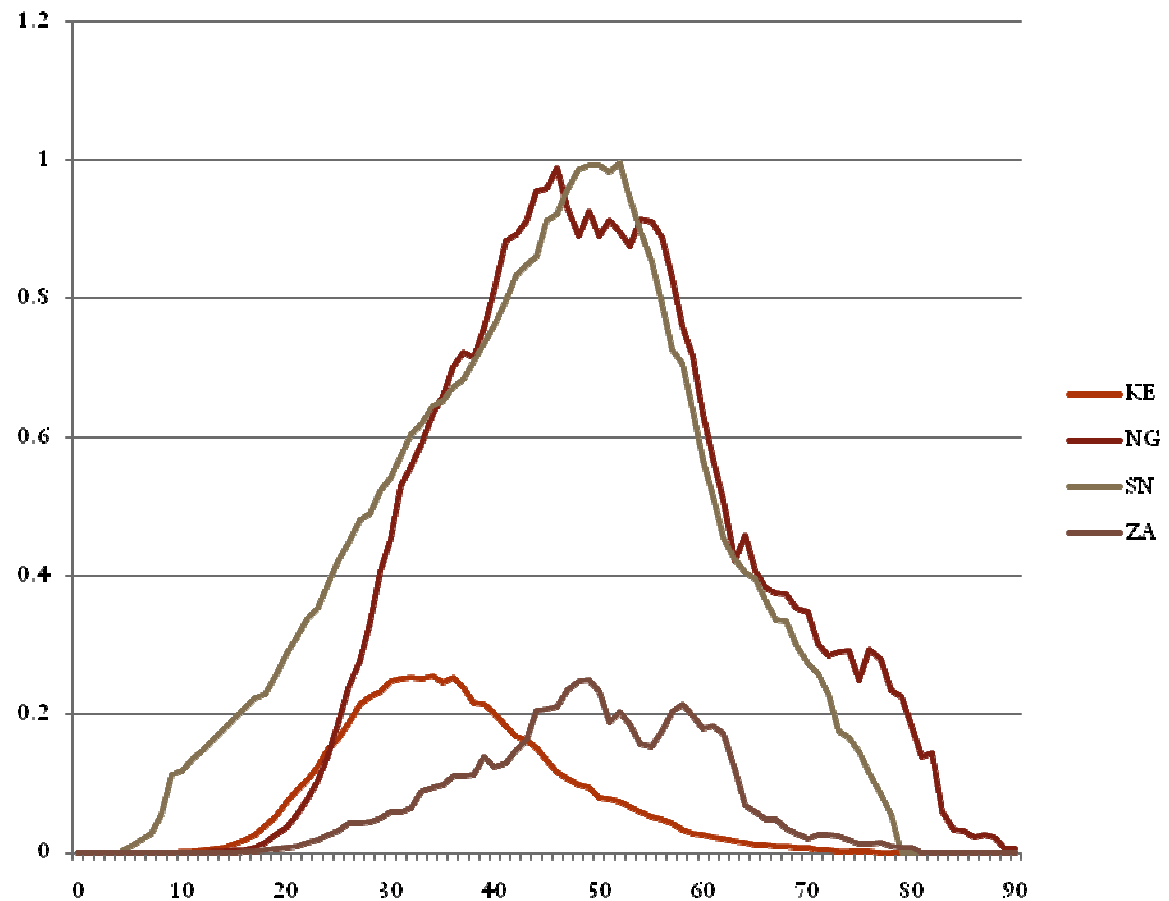




# Self-employed

High income from informal sector for Senegal and Nigeria

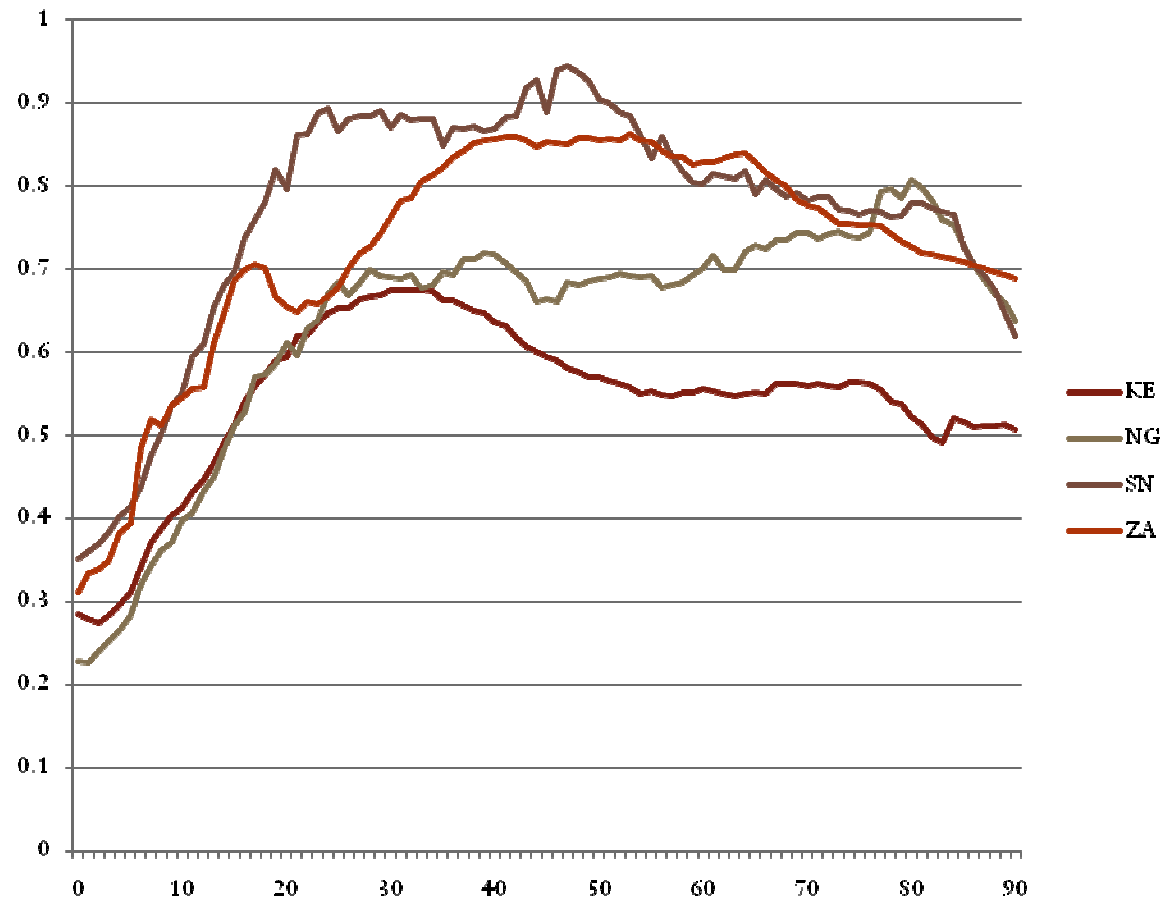
Different in the peak age for self-employed in Kenya (younger) and South Africa (older)



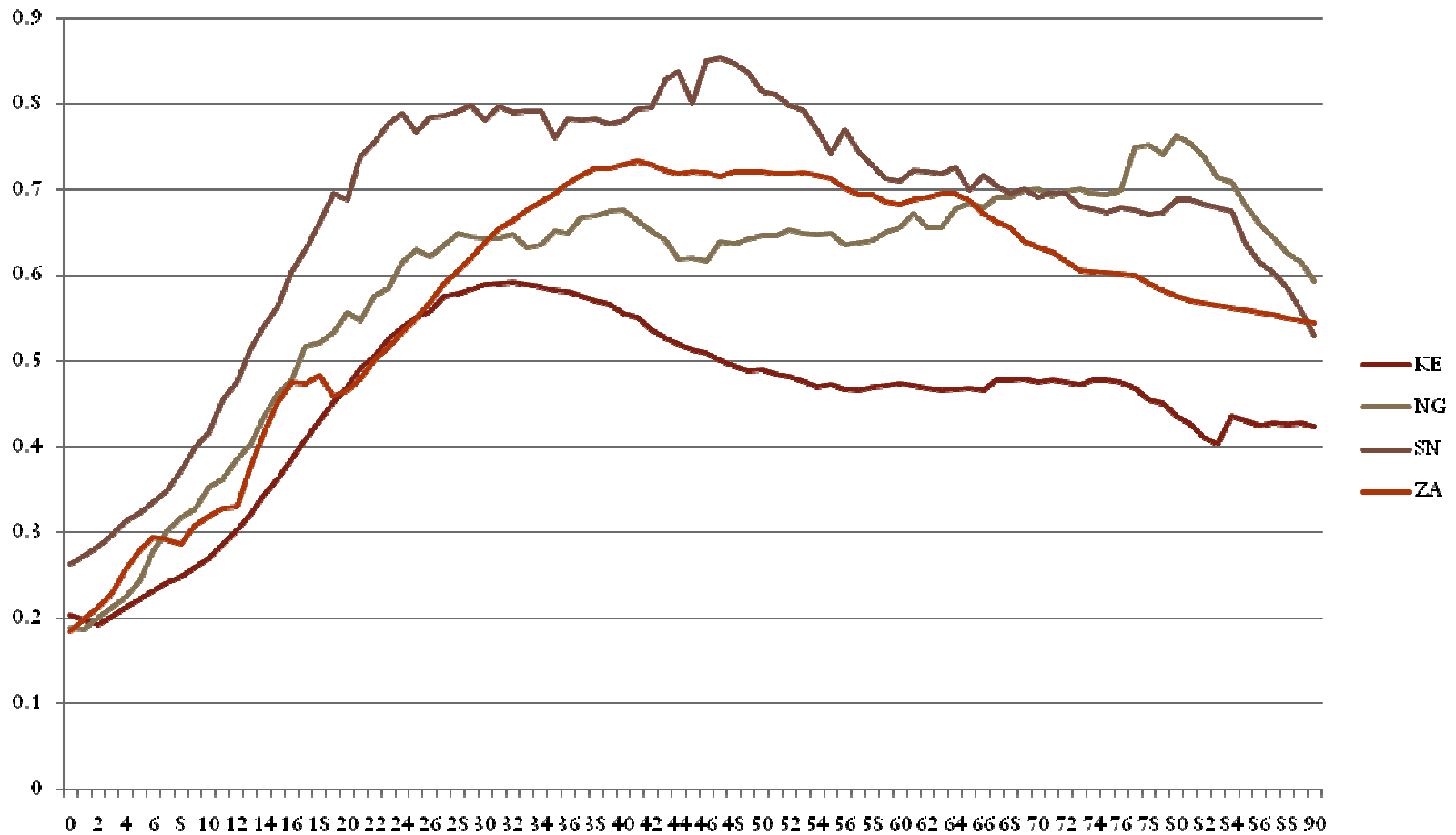
# Consumption

High consumption by young adult workers for all, except South Africa

Consumption tends to decline with age, except Nigeria

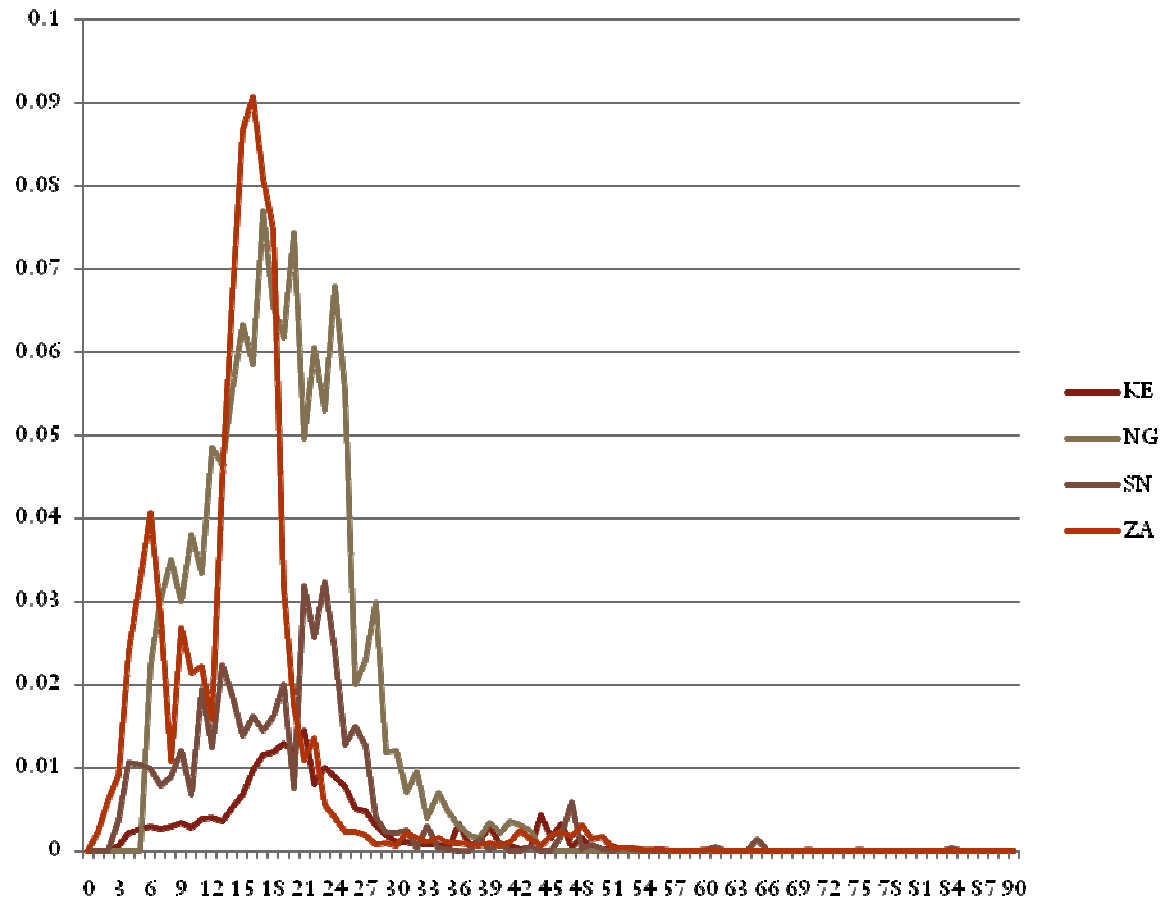


# Private Consumption



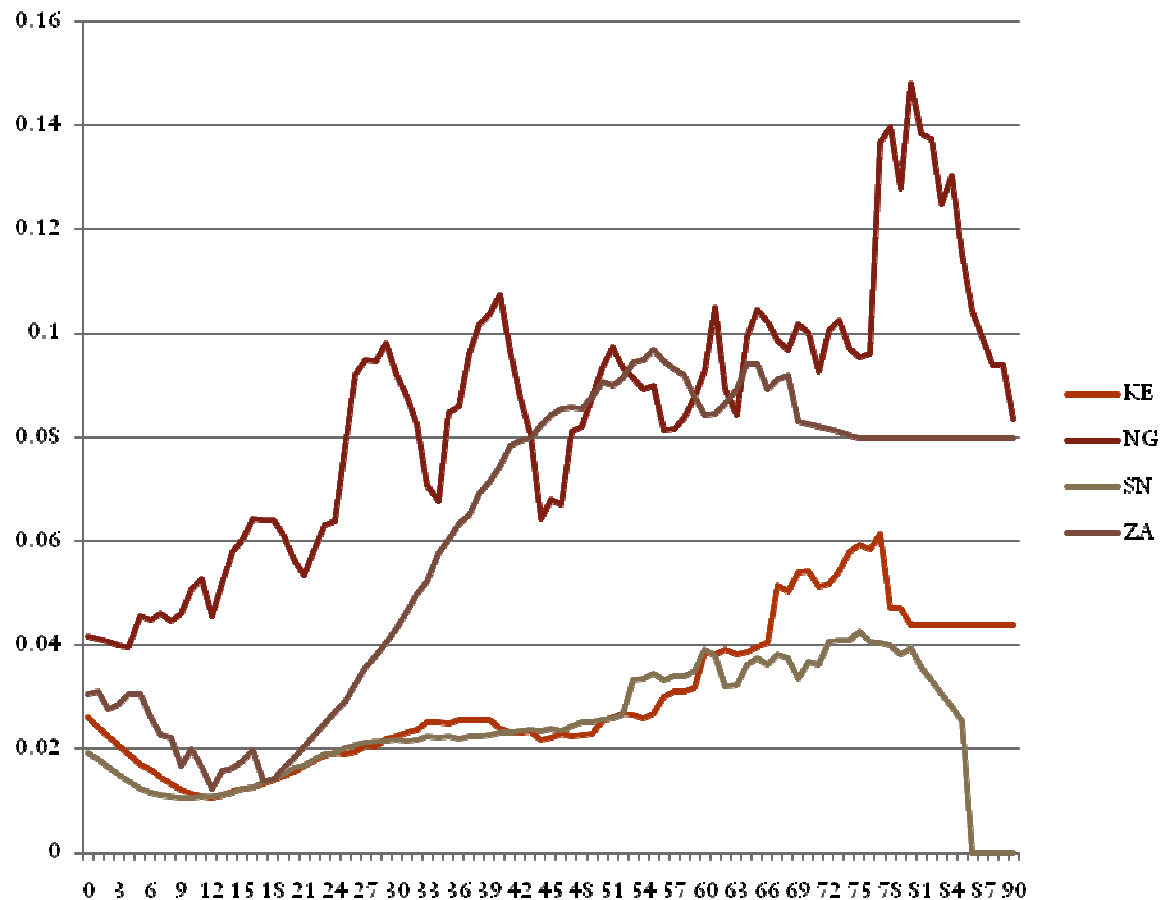
# Private Education Consumption

High private consumption spending for South Africa and Nigeria

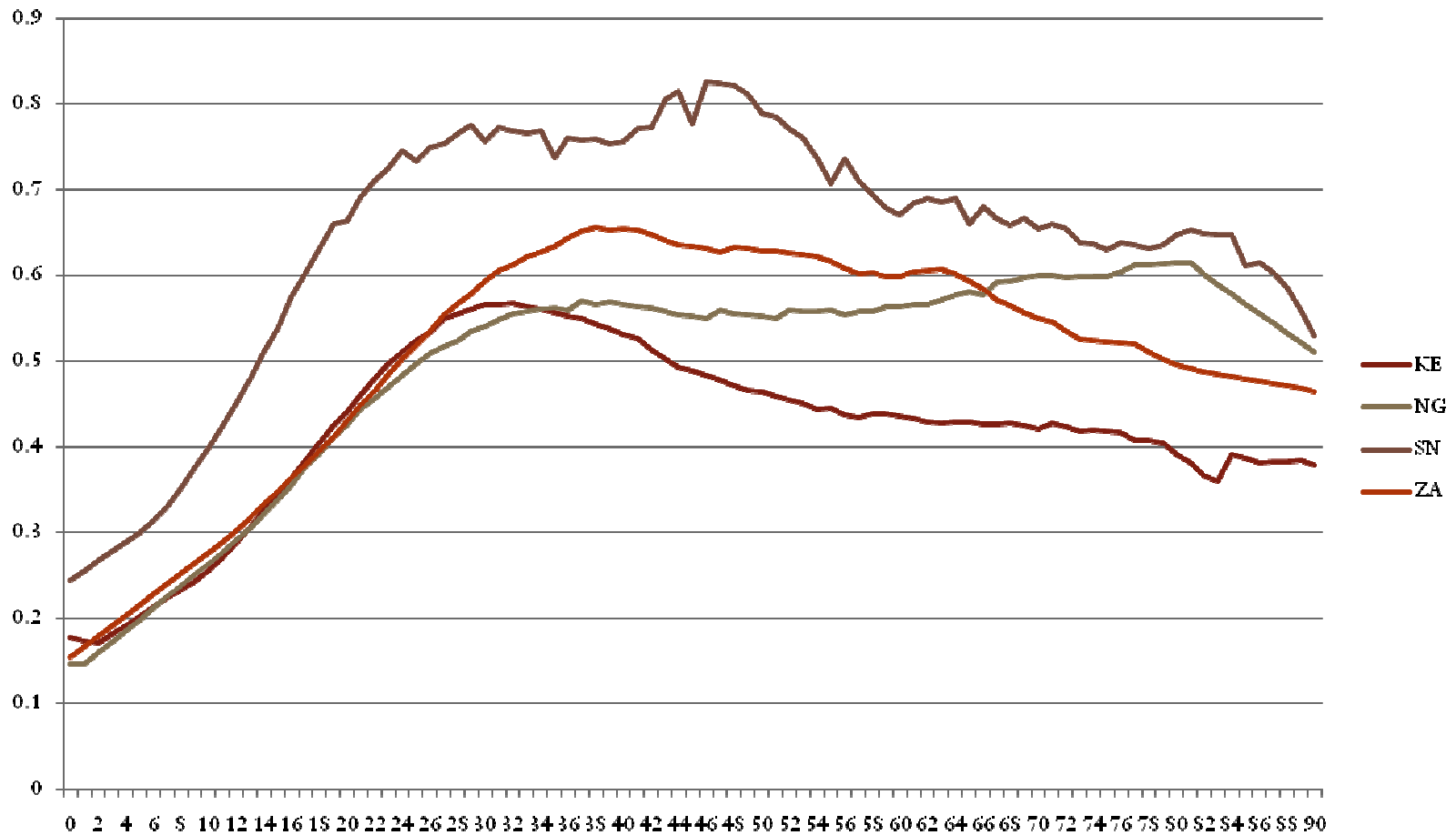


# Private Health Consumption

Similar to private consumption, South Africa and Nigeria shows high private health spending



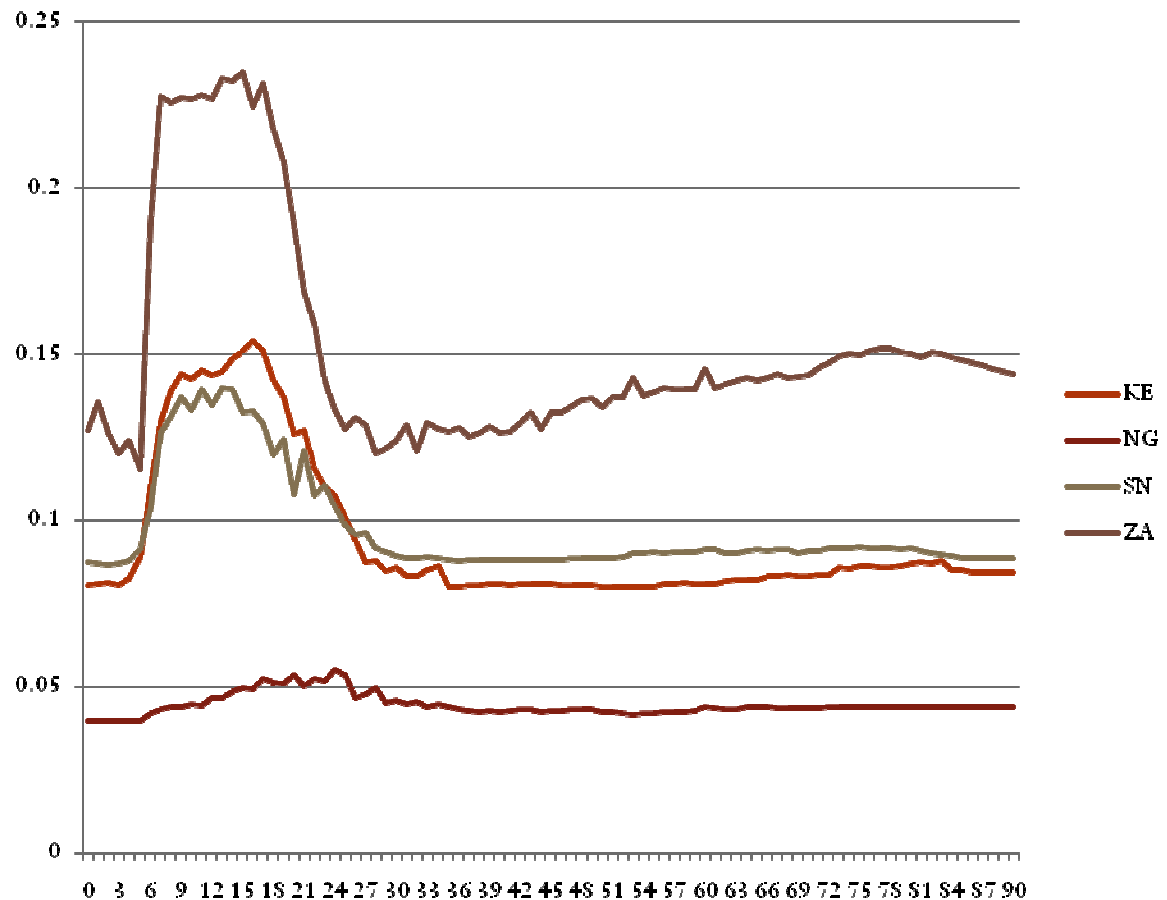
# Private Other Consumption



# Public Consumption

All countries, except Nigeria, have high public consumption for Children

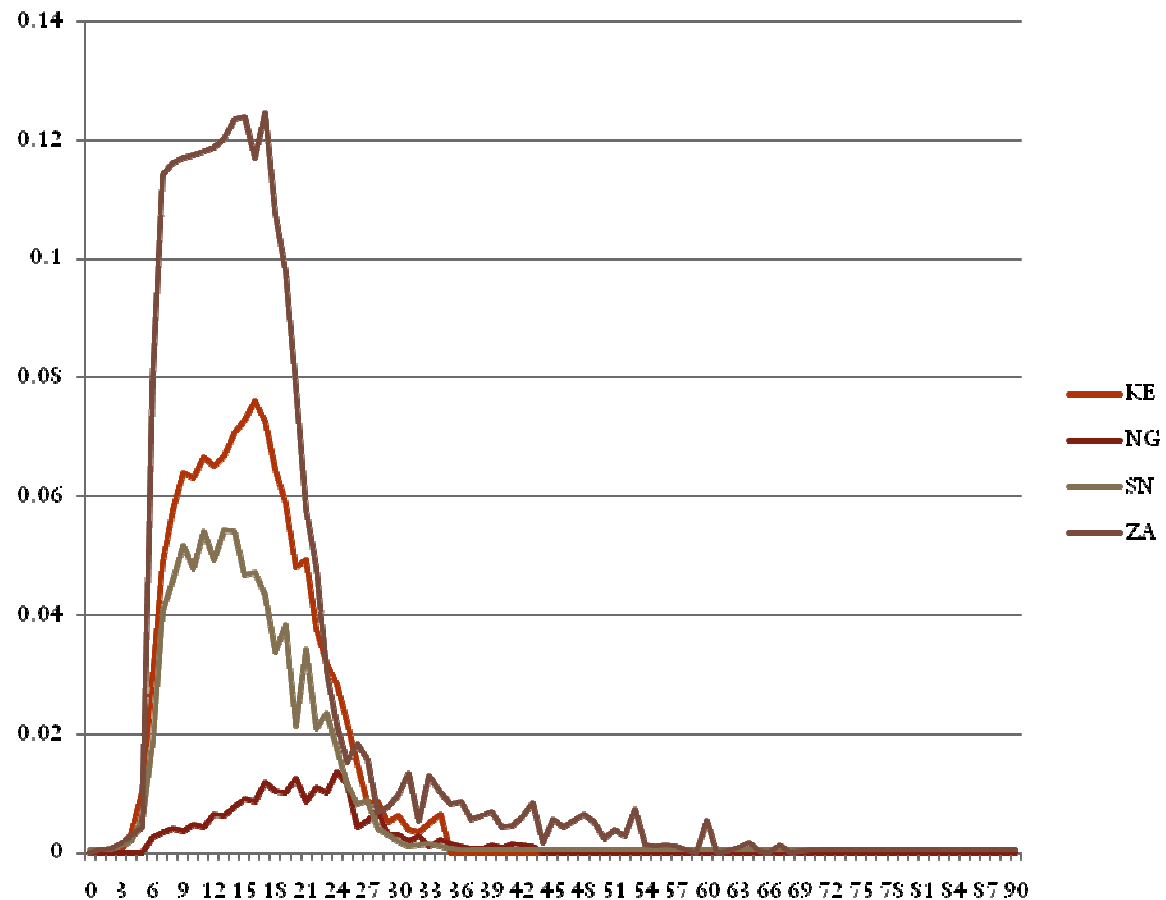
Only South Africa shows an increase in consumption by the elderly



# Public Education Consumption

Nigeria has low public education consumption

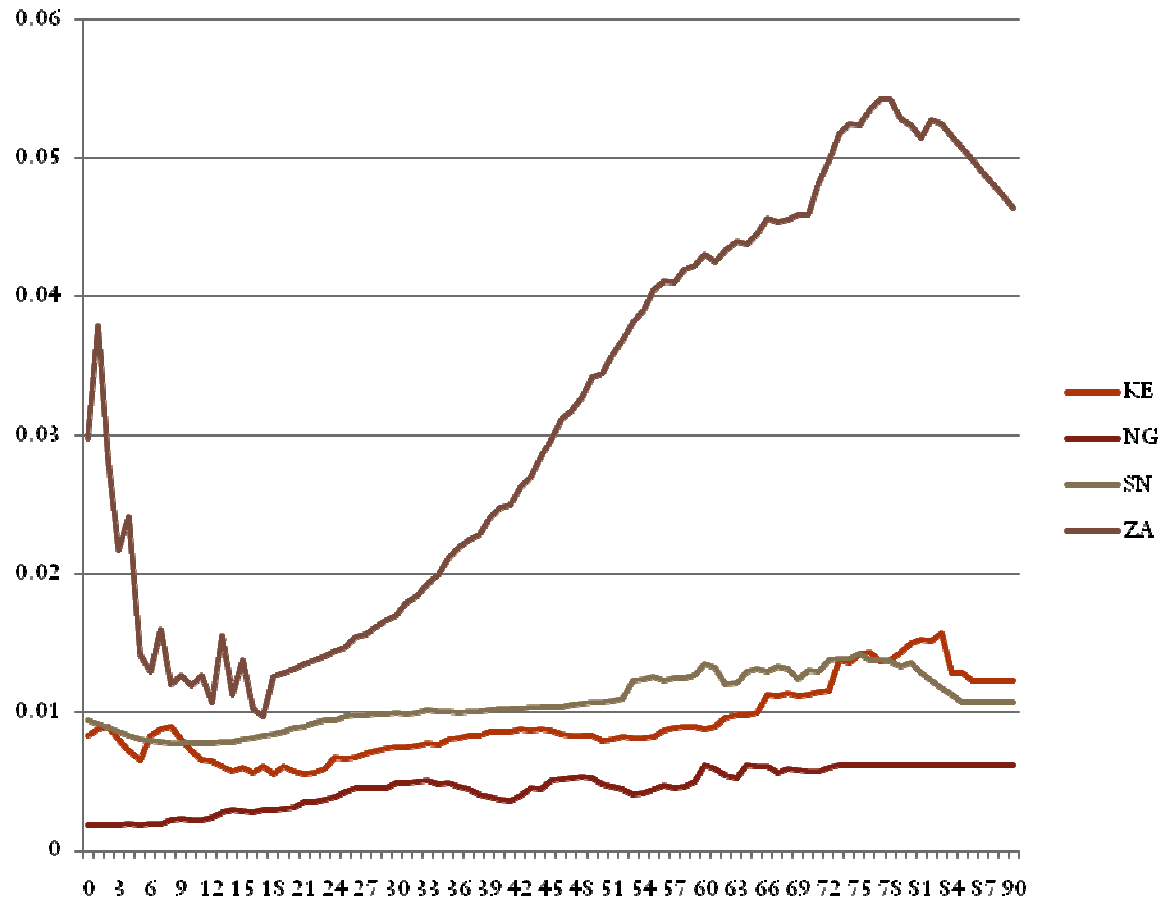
Note that private education for Nigeria is high





# Public Health Care Consumption

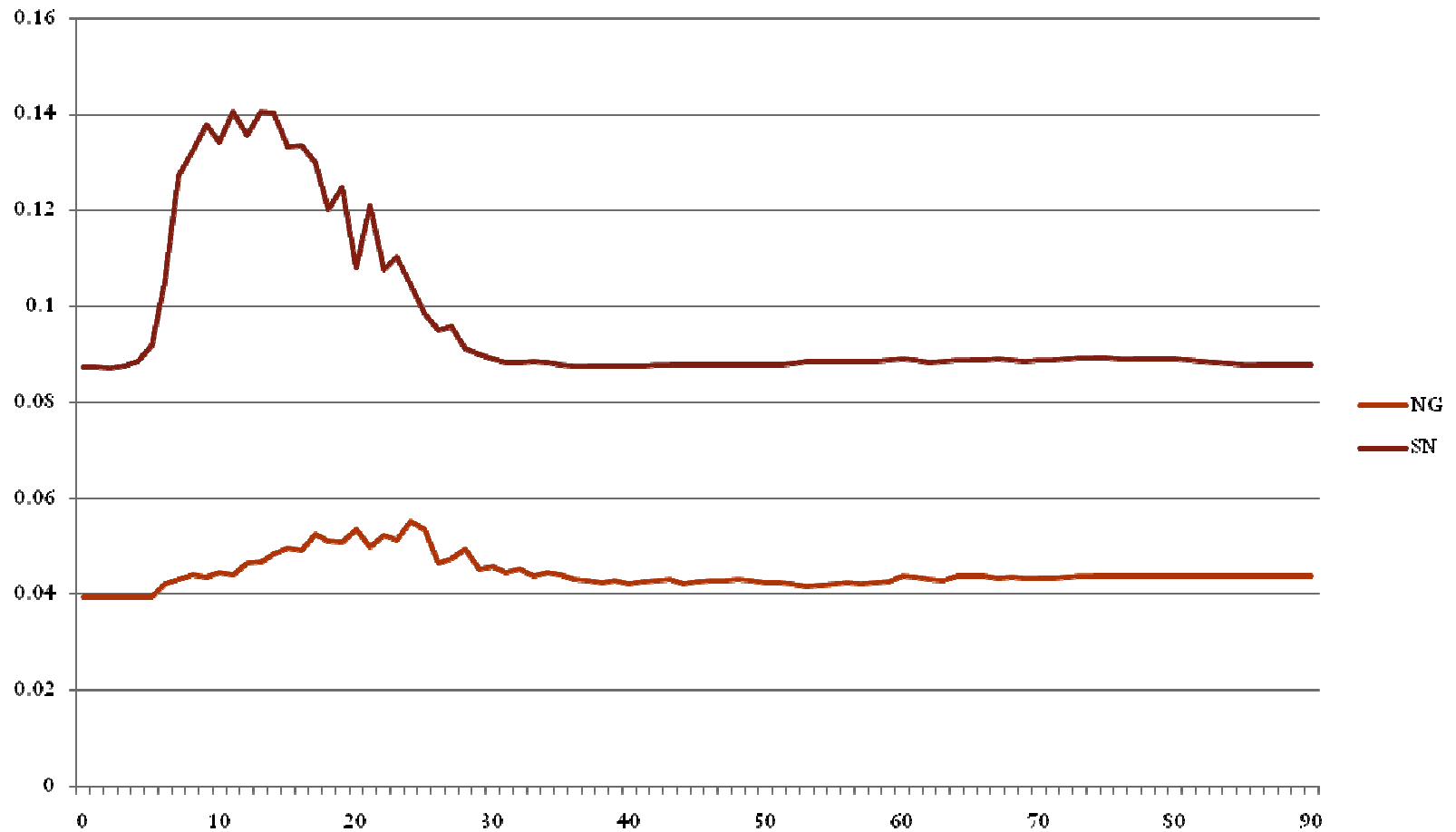
Only South Africa  
has high public  
health care spending



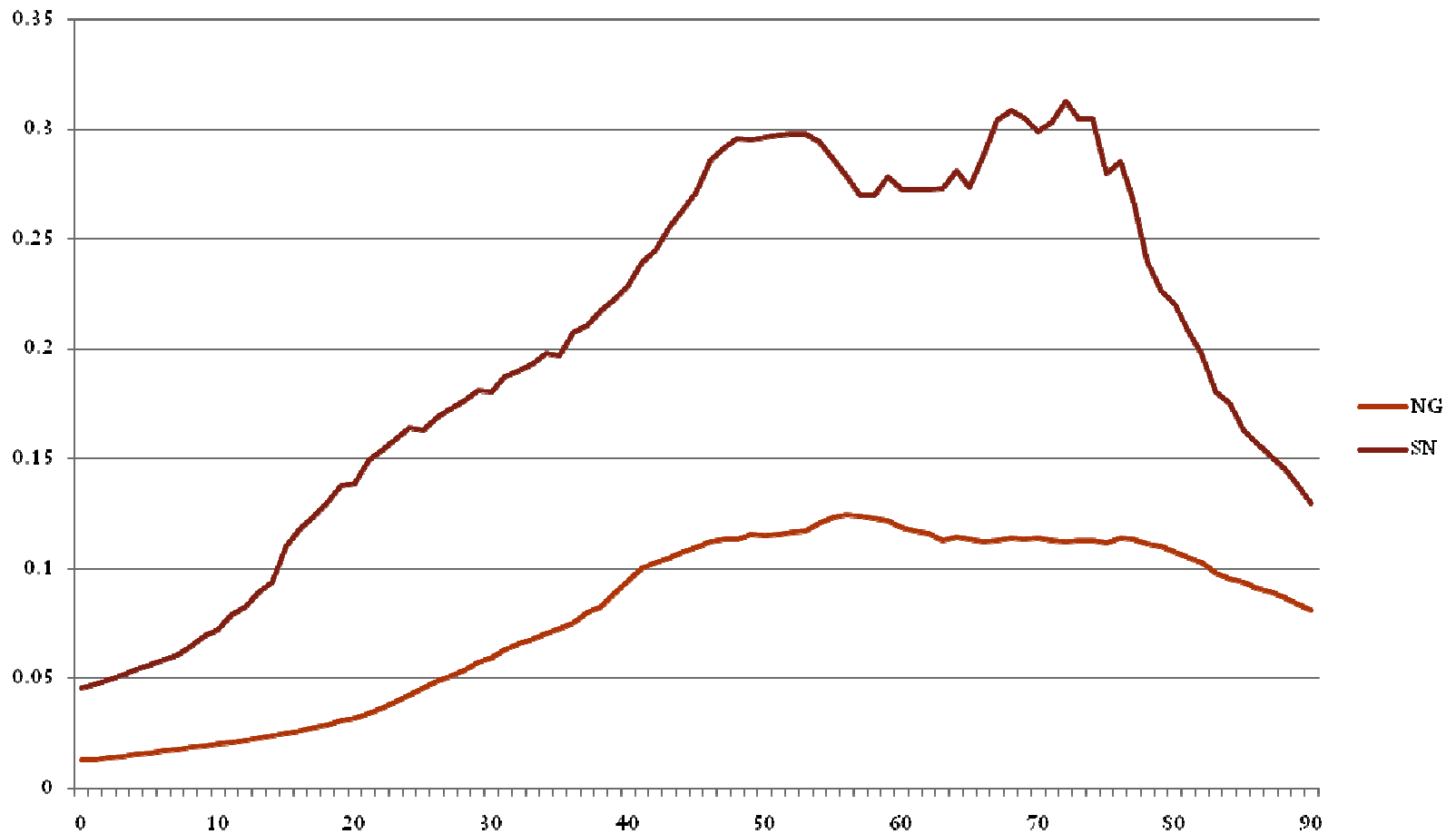
# Public Transfers in Africa

- Almost all countries do not have public cash transfer inflows, except for South Africa
- Indirect taxes, direct tax on individual income and corporate income are estimated by age
- Public transfers for Senegal and Nigeria are presented

# Public transfer inflows



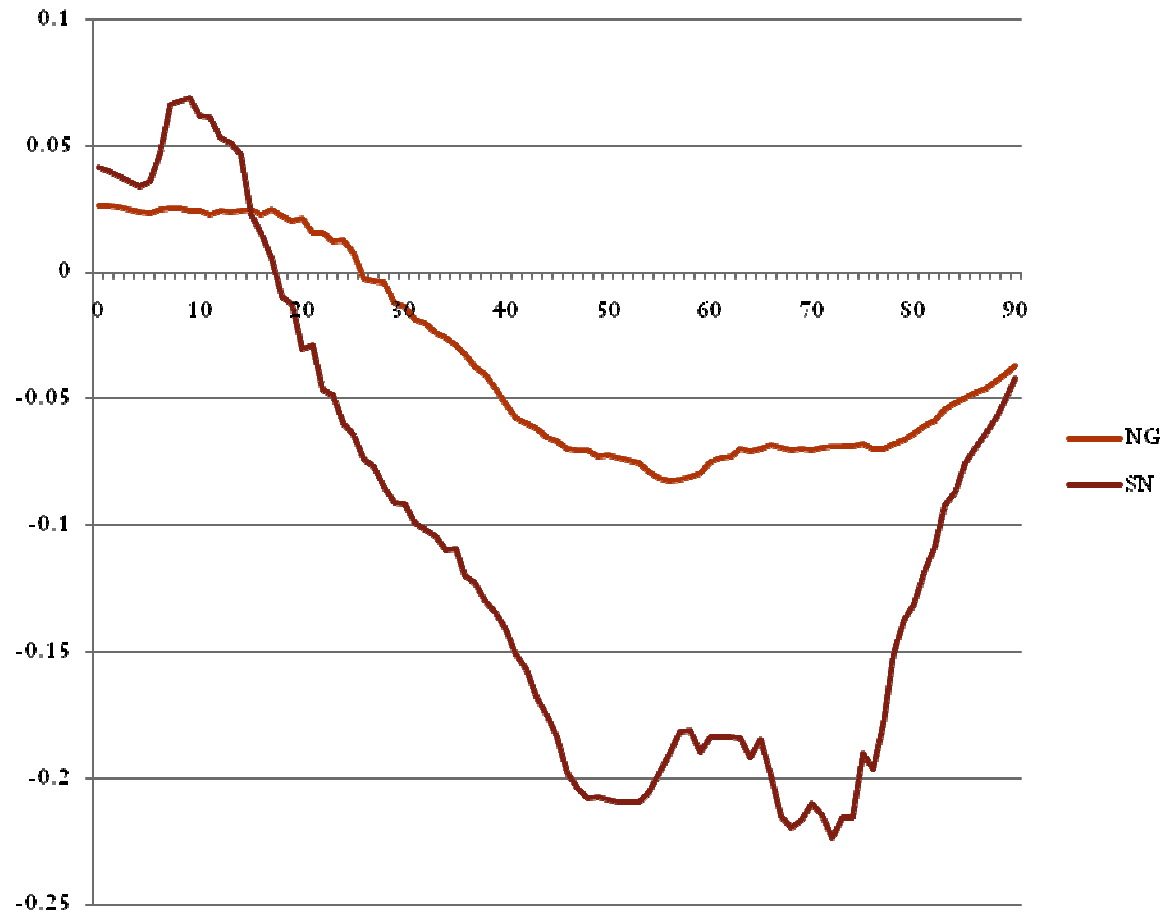
# Public transfer outflows



# Net public transfers

Children receive net public transfers

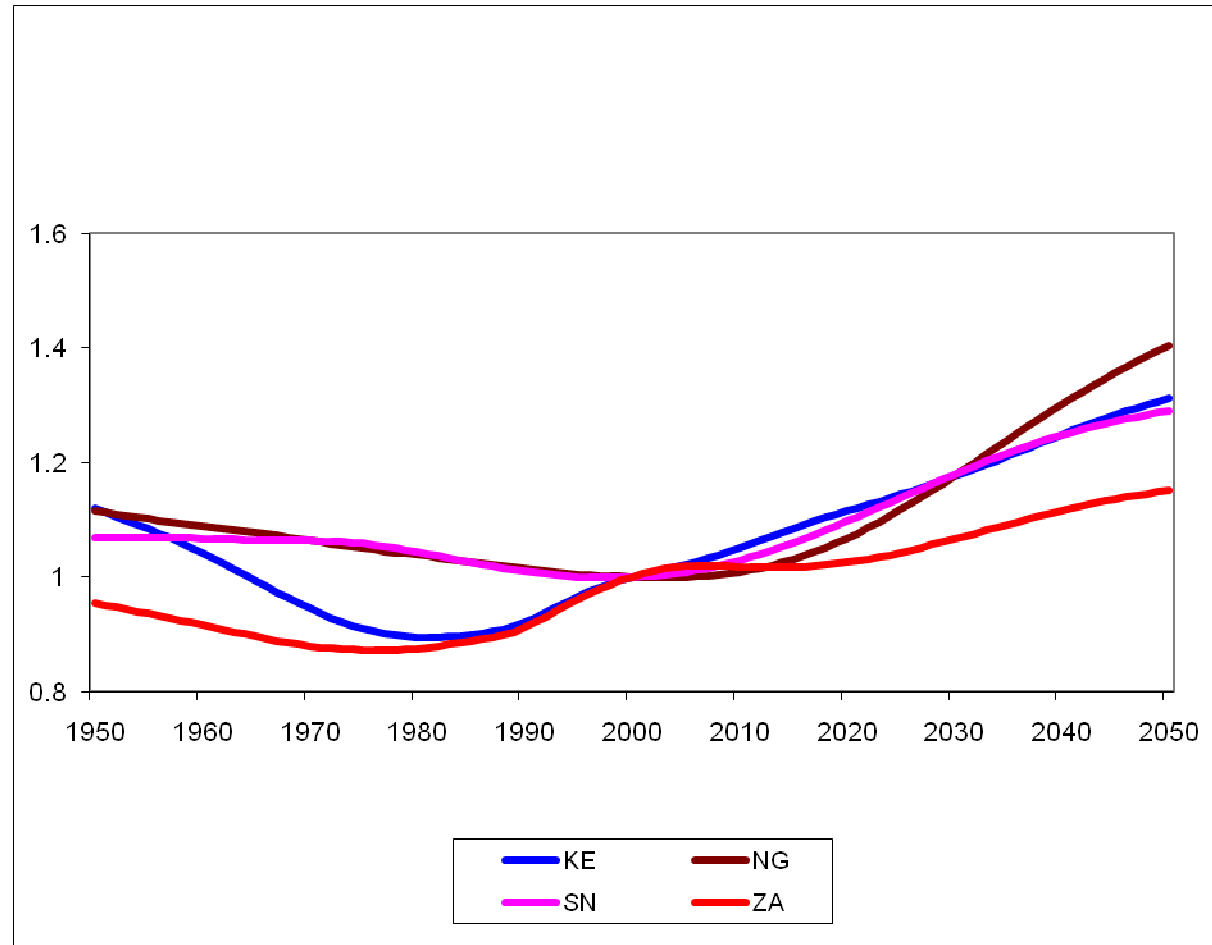
There are few programs benefit the elderly, resulting in negative public transfers



# Support Ratio

Normalized the support ratio to 1 in 2000

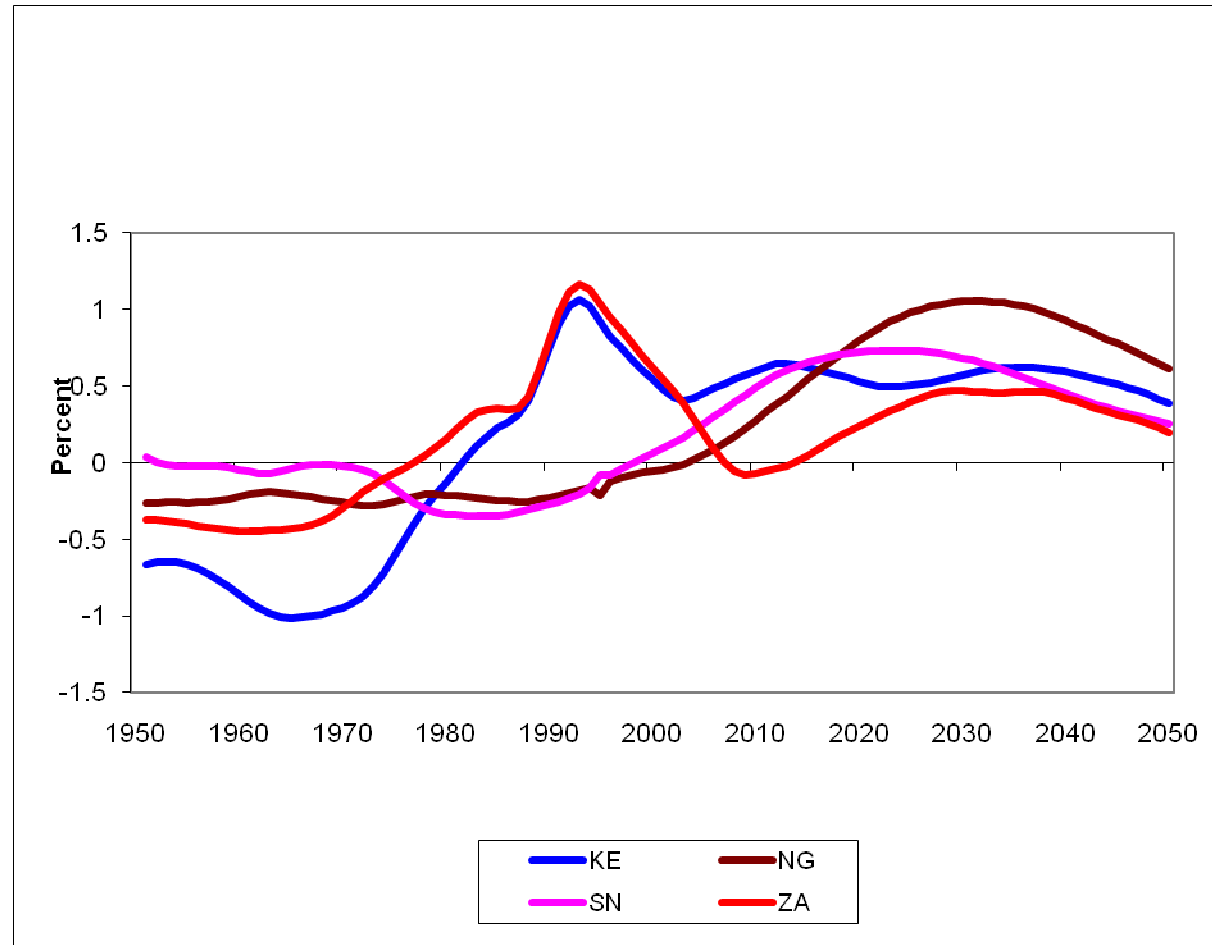
Results show an increase in the support ratio for all countries, with more rapid increase in Nigeria and slow increase in South Africa



# First Demographic Dividend

Currently, all countries are enjoying the demographic dividend (with small pause in South Africa)

However, the dividend is expected to reach the peak by 2030 and end soon after 2050



# Future plans

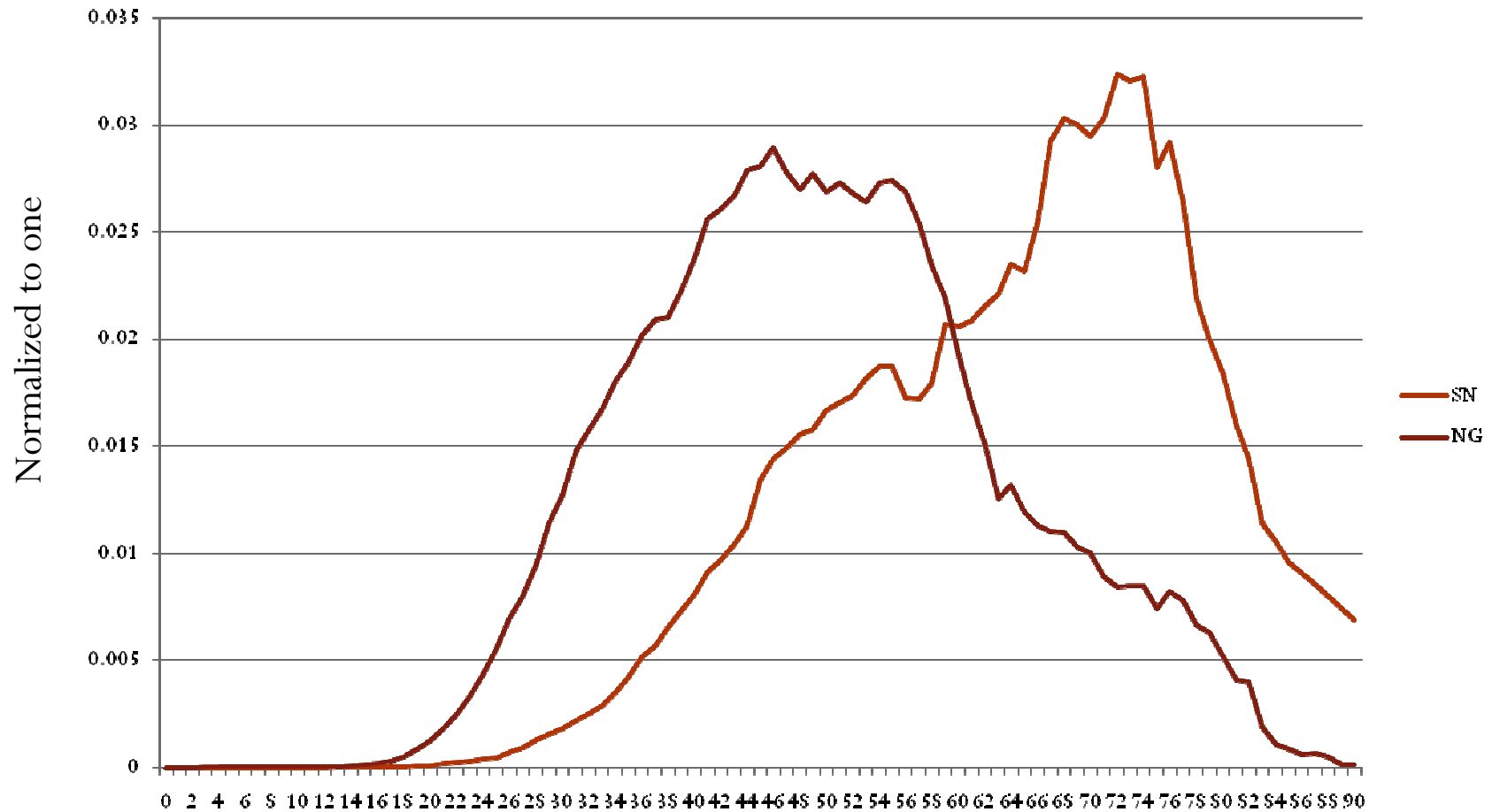
- Participants agreed to continue estimating NTA results, particularly public and private transfers, before coming to the summer seminar in Hawaii
- Using the NTA website for uploading data
- Prepare documentation



# Questions and Comment

- Health spending by the public sector in Africa is so low for almost all the countries
- What to do with earnings for children younger than the minimum age? Child labor is illegal in some countries.
- Asset and asset income in Africa are mostly defined by land. Returns to assets are in the form of rent. There are few returns to assets in the formal sector, i.e. interest and dividend. What to do with the estimates on asset income?

# Issue: Asset Income Age Profile



# Thank you

Have a safe trip home and see you all in Honolulu

## Acknowledgement

- We would like to thank AERC and IDRC for generous support for this workshop
- Special thank to DPRU of UCT for a being such a wonderful host

## References

- Older and Poorer? How sharing among generations could improve wellbeing (forthcoming). Globalization, Growth and Poverty. IDRC
- Population Aging and the Generational Economy (Forthcoming), edited by Professors Ronald Lee and Andrew Mason (Edward Elgar)
- National Transfer Account Website: [www.ntaccounts.org](http://www.ntaccounts.org)