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# **VULNERABILITY OF YOUNG AND OLD PEOPLE IN SENEGAL**

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# CONTENT

CONTEXT

STYLISTED FACT : NTA results for Senegal

STYLISTED FACT : LCD

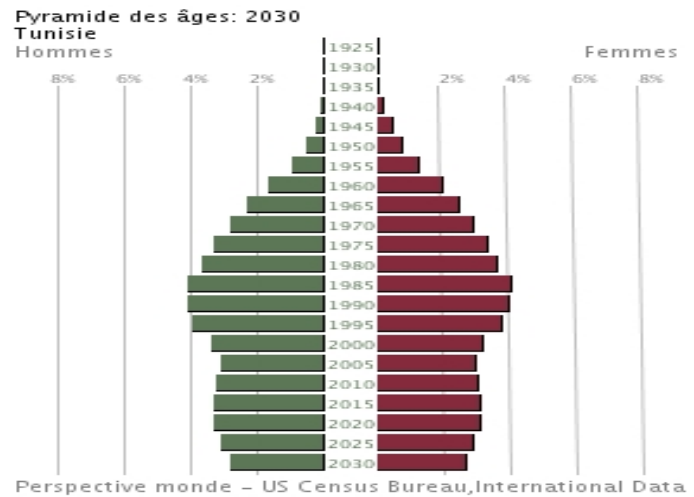
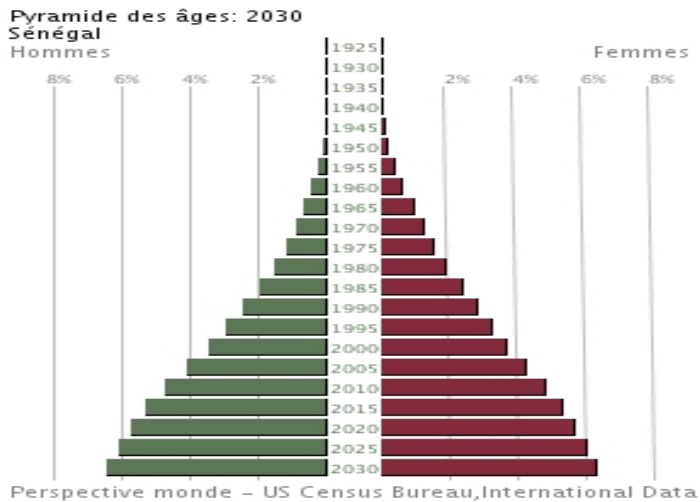
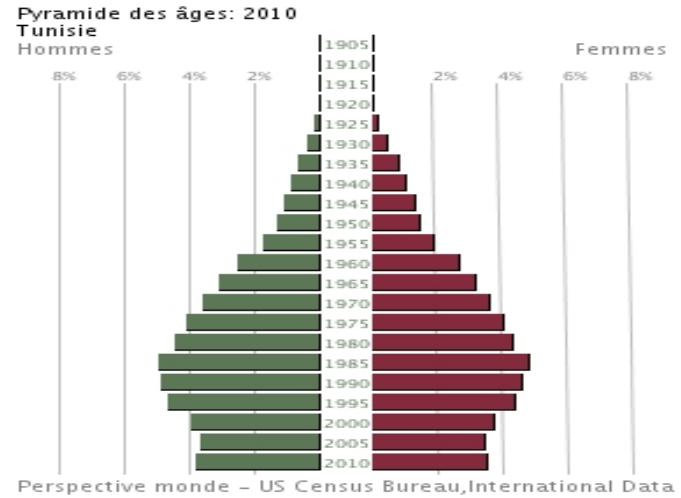
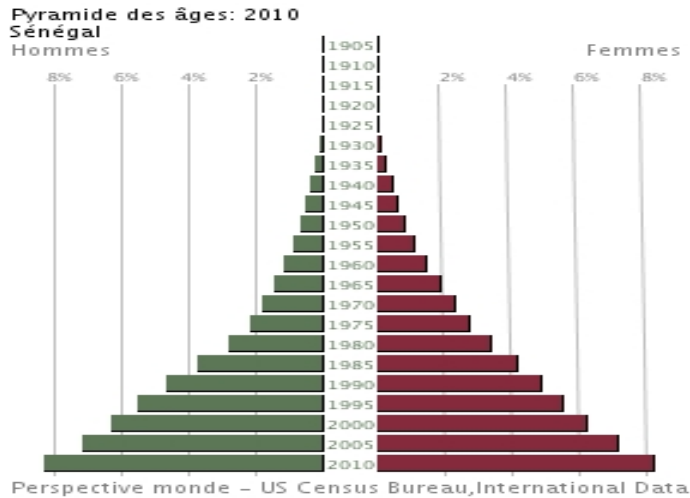
CHALLENGE: Is Senegal LCD system funding is sustainable?

CONCLUSIONS

## CONTEXT(1/2)

- Incidence of poverty remains high (52.2% in 2005 and 46.7% in 2011 ESPS 1 & 2)
- Achieving all the MDGs remains problematic
- Inadequate economic programs with the social demand

# CONTEXT(2/2)



- Even in 2030 the structure of the population of Senegal still has a very large base compared to the base Tunisia

CONTEXT : Fertility decline very slowly

THE ***TOTAL FERTILITY RATE*** WENT FROM **6.6**  
***CHILDREN PER WOMAN*** IN 1986 TO **5.0** IN  
2011.

(SOURCE: DHS SURVEYS, UN)

CONTEXT: population growth rate decrease

**THE *POPULATION GROWTH RATE DECREASED***

**FROM 3.1 IN 1986 TO 2.3 IN 2011**

(SOURCE: UN POPULATION PROJECTIONS)

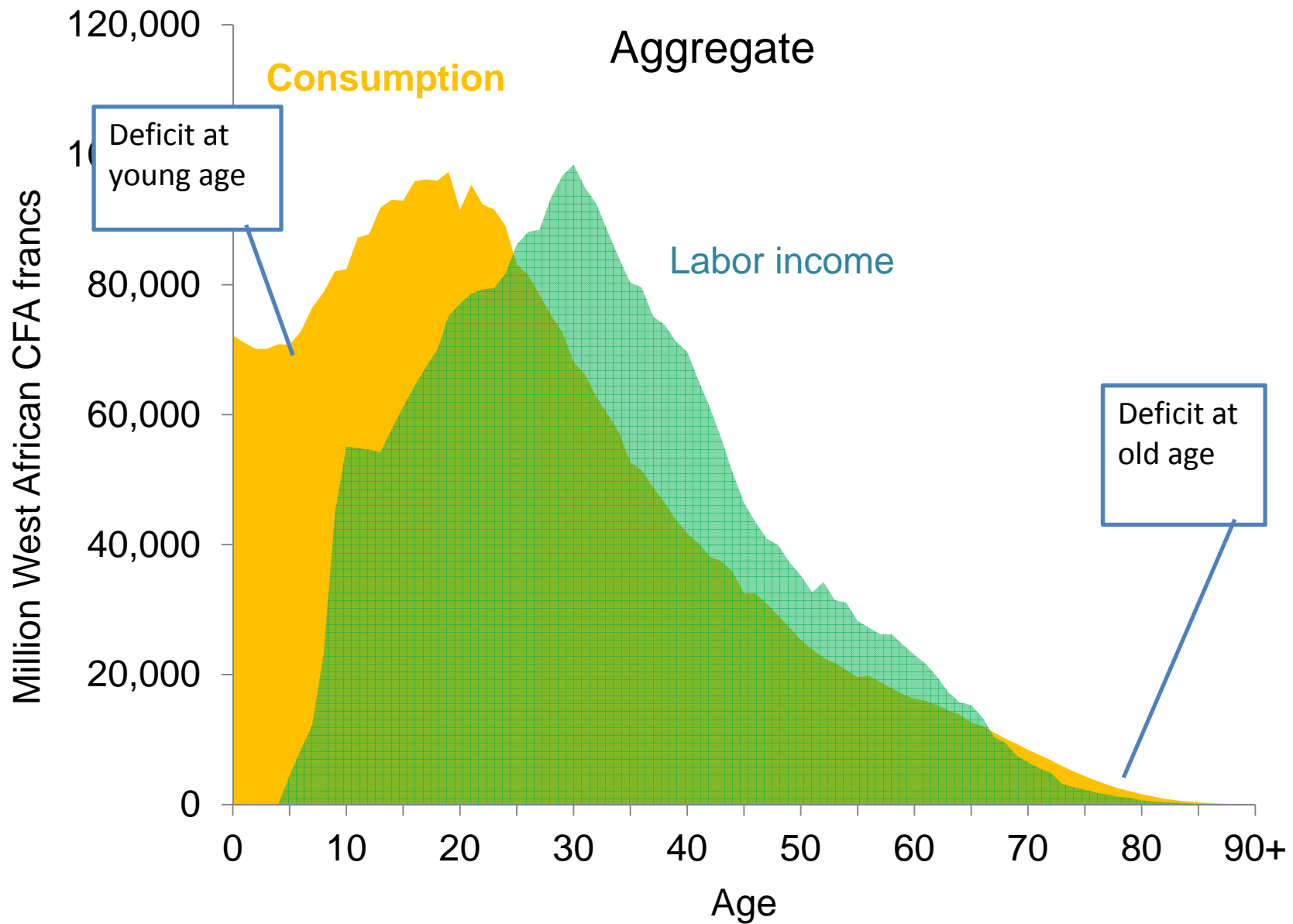
## STYLIZED FACT : change in population age structure

YEAR	AGE GROUP		
	0-19	20-64	65+
1986	55,0%	41,3%	3,6%
2011	51,3%	44,4%	4,3%
2030	41,9%	53,0%	4,9%

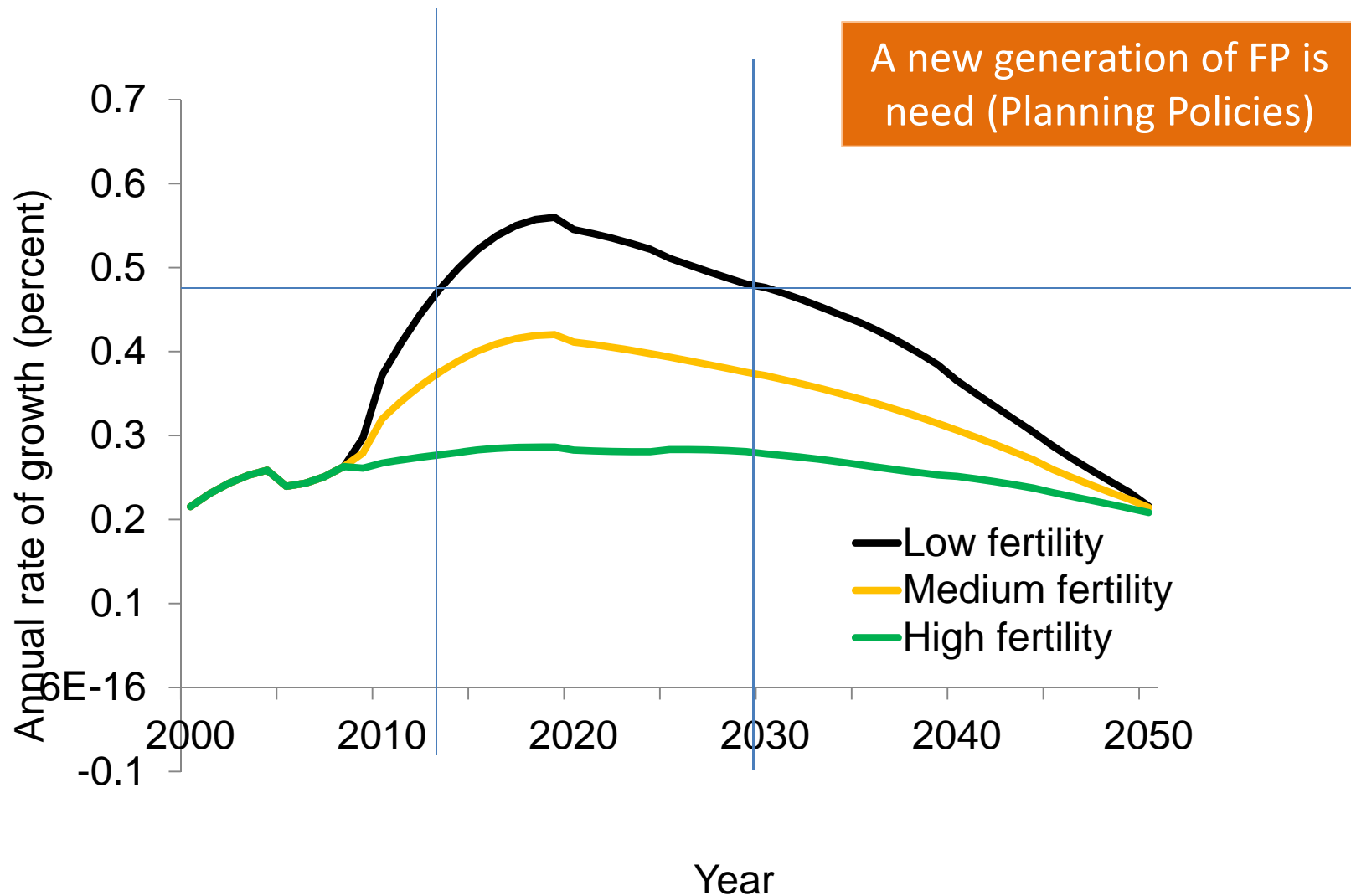
Source: UN population projection



# STYLIZED FACT : NTA results for Senegal



# STYLIZED FACT : NTA Results for Senegal



Estimation of annual growth rate of support ratio in Senegal based on ( low, middle and high fertility on the period 2000 to 2050)

Source: calculate on NTA data ; Estimation of population and projection provide by UN population 2012.

## STYLIZED FACT : LCD for Senegal

- Aggregate LCD : Deficit of **1676** billions CFA (47% of GDP) bigger than the surplus generate, estimate at **198** billions FCFA.
- Average LCD : positive for age group between 0-35y and 60 y +.
- Average LCD : negative for age group between 36 to 59.

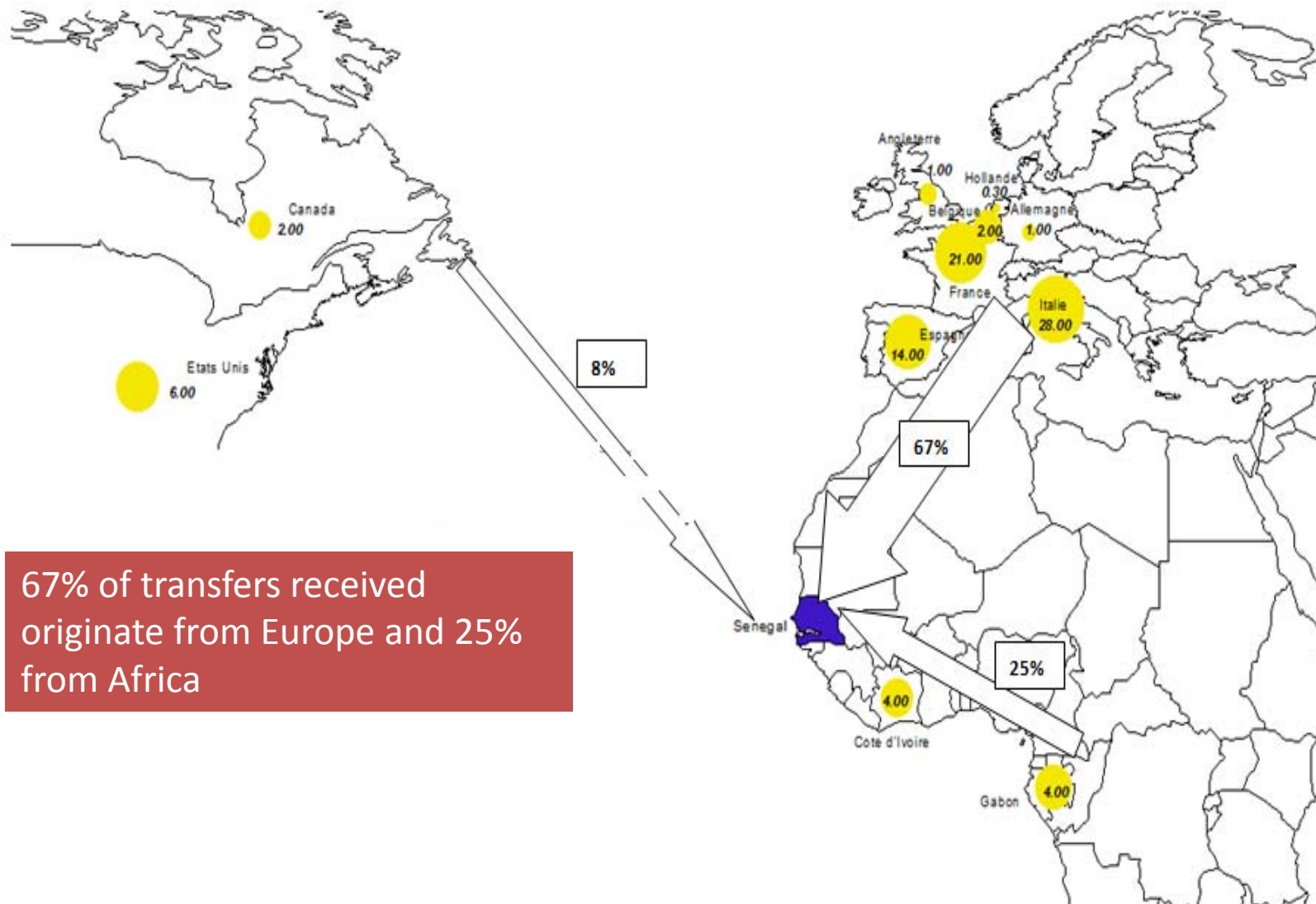
## STYLIZED FACT : LCD for Senegal

- Deficit of childs (0-5y) : 432 billions (12% of GDP in 2005 and 26% of total deficit).
- Deficit of young people (10-34 y) : 1.019 billions (28% of GDP and 61% of total deficit).
- Deficit of seniors ( 65 y and +) :136 billions (4% of GDP and 8% of total deficit).

## CHALLENGE: Is Senegal system of financing LCD is sustainable?

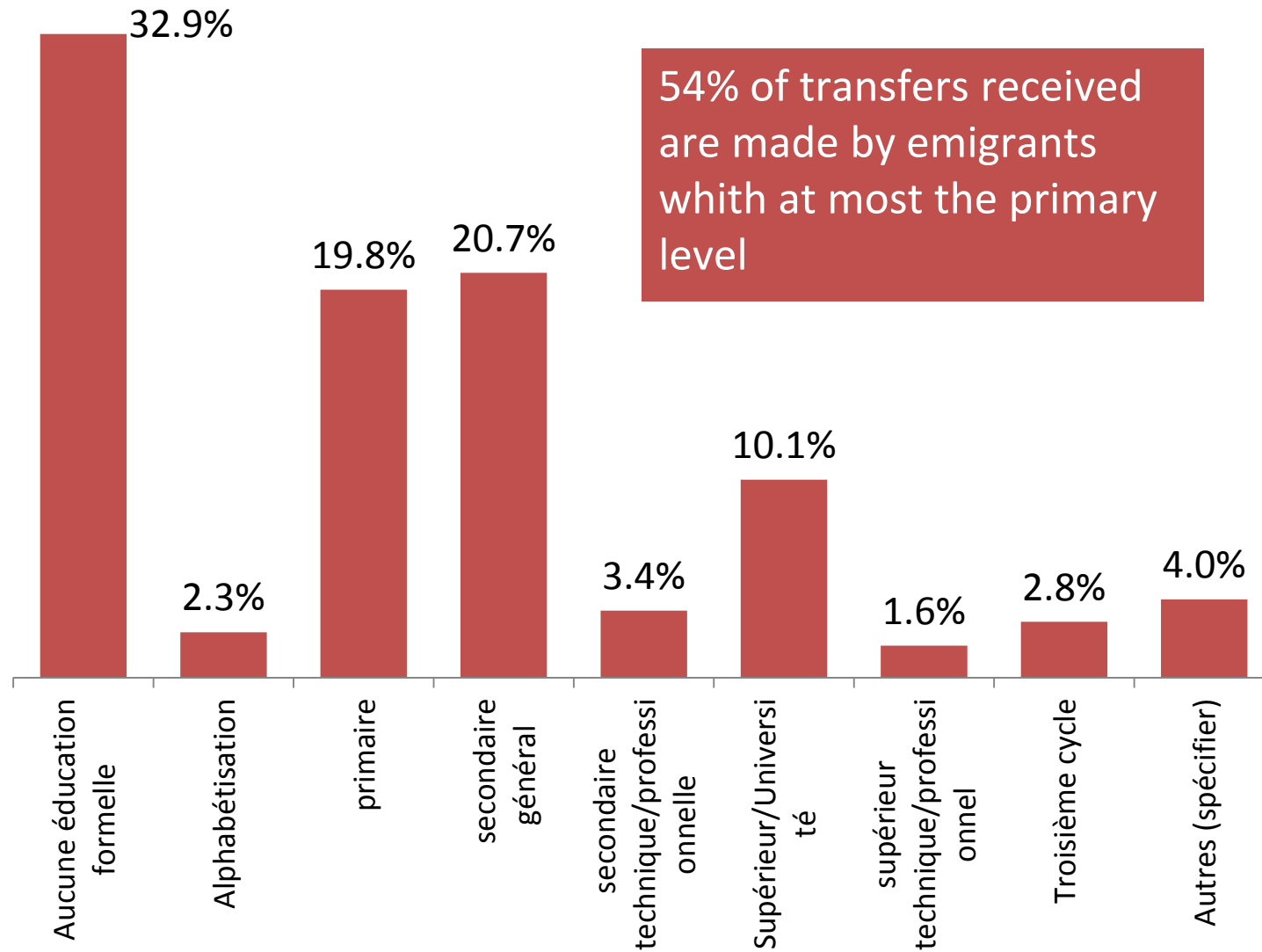
- The life cycle déficit represent 47% of GDP and is funded from two sources :
  - Reallocation of capital income
  - Nets Transfers
- Private transfers from diaspora are the primary source of funding accounted for 94% of net transfers while public transfers represent only 6%.

# Origin of transfers in Senegal



67% of transfers received originate from Europe and 25% from Africa

## Transfers sending by Emigrants education level in Senegal



Source: Enquête sur les transferts de fonds des émigrés 2012, DMC, Ministère de l'Economie et des Finances, Sénégal

# Sustainability of Nets Transfers in Senegal

- The sustainability of long-term transfer was studied on the basis of three scenarios.
  - 1- The first scenario is based on an assumption of an average annual growth rate of 6.7% transfers calculated for the period 2007-2010.
  - 2- The second scenario is based on an assumption of net transfer growth rate at an average annual rate of 7.5%.
  - 3- The third scenario is based on an assumption of net transfer growth rate at an average annual rate of 9%.



# Sustainability of Nets Transfers in Senegal

Années	Transfers needed to finance the life cycle deficit (Billions of CFA)	<u>scenario 1</u>	<u>scenario 2</u>	<u>scenario 3</u>
		Assumption	Assumption	Assumption
		Average annual Growth rate: 1,067	Average annual Growth rate : 1,075	Average annual Growth rate : 1,09
2010	3553	565	565	565
2020	6213	1080	1164	1338
2030	9650	2064	2400	3166
2040	13088	3946	4946	7496
2050	16525	7545	10194	17746

## Sustainability of Nets Transfers in Senegal

- It will take an average annual growth rate of 9% much higher than the current rate (6.7%) of net transfers to cover the transfers needs to finance the LCD in 2050.
- These results show that the dynamics of transfers are not sustainable in the long term.
- Indeed, the growth rate of transfers need to cover the deficit is not consistent with the difficulties of the current international context:
  - Insecurity among emigrants ( small jobs, difficult economic situation in Europe ) reduce their chance to send money back to their countries

## Conclusion

- The Senegal start benefit the first demographic dividend since 2000 until 2040
- The funding system of LCD is fragile and not sustainable in long run, because it is supported by lot of uneducated migrants
- It is important for policies to start use the DD opportunity windows to implement a structural and sustained investment in education and health
- Senegal need to take effective migration and employment policies

**THANKS**