



DEMOGRAPHIC DIVIDEND IN NIGERIA

A SNAPSHOT



WHAT IS DEMOGRAPHIC DIVIDEND?

The **demographic dividend** is the **accelerated economic growth** that may result from a **decline in a country's mortality and fertility** and the subsequent change in the **age structure of the population**. With fewer births each year, a country's **young dependent population** grows smaller in relation to the **working-age population**. With fewer people to support, a country has a window of opportunity for rapid **economic growth** if the right social and economic policies are developed and investments are made in health, education, governance and the economy.

Figure 1: Defining the Demographic Dividend



Source: United Nations Economic Commission for Africa (ECA) and the African Union Commission (AUC), (2013) Africa and the Challenge of Realizing the Demographic Dividend

Types of Demographic Dividends

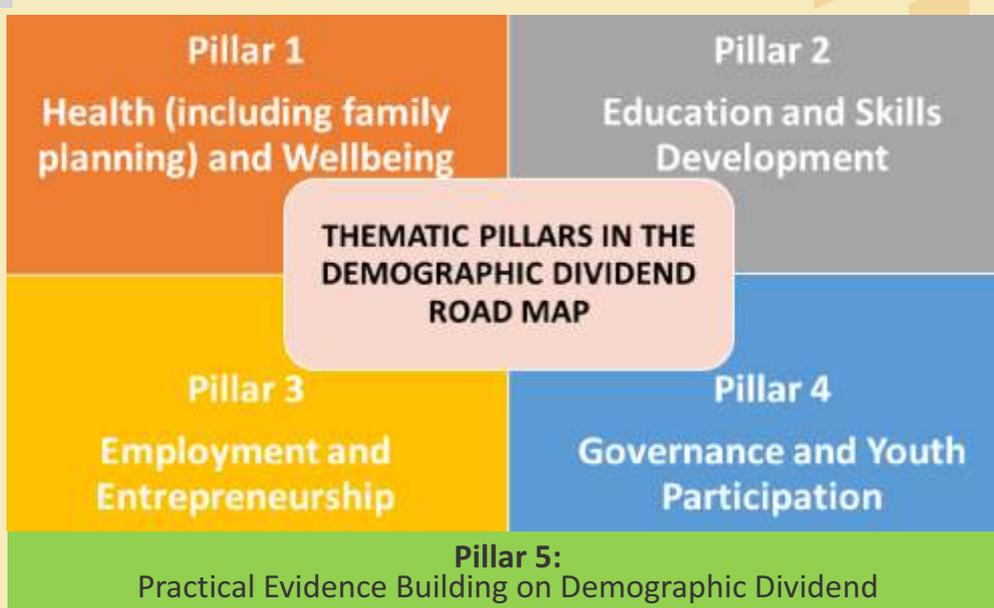
The first demographic dividend occurs when fertility rates fall, and the labour force grows more rapidly than the dependent population. This builds on a simple equation: more labour equals more economic output, assuming no major drag from unemployment or underemployment.

The second demographic dividend unfolds as transition proceeds if the larger number of workers is also more productive. This comes about in part through investments in human capabilities (such as through health and education), which allow people to be involved in more skilled jobs. Over time, they can then earn more, save more and acquire more assets which can drive the economy towards sustainable growth.

ROAD MAP ON HARNESSING DEMOGRAPHIC DIVIDEND THROUGH INVESTMENTS IN YOUTHS OF NIGERIA

The Nigerian **roadmap** is to guide and facilitate the implementation of the African Union agenda, part of which is to put Nigeria on the path to reaping demographic dividend within the shortest possible time, through key deliverables, milestones and concrete activities.

Figure 2: Thematic Pillars in the Nigerian Demographic Dividend Roadmap

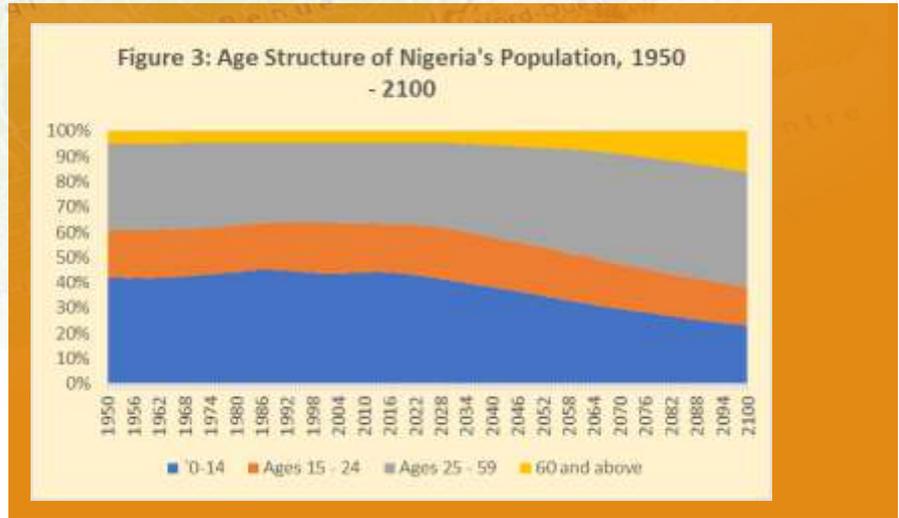


Harnessing demographic dividend requires concerted and coordinated efforts of multi-sectoral players in the areas of health (including family planning) and wellbeing; education and skills development; employment and entrepreneurship as well as good governance and youth participation (Figure 2). There is the need to build practical evidence on the main drivers of demographic dividend including fertility, child mortality, schooling, migration, economic opportunities and inequality connections. Adequate and effective policies to drive investments in each of the pillars must be initiated, pursued and implemented by every stakeholder.

DEMOGRAPHY

In 2017, Nigeria was ranked the seventh most populous country in the world, with a population of 182 million. However, given the country's fertility rate and population growth rate over the years, the population of the country is projected to more than double by 2050, to reach 399 million people thereby becoming the world's third most populous country. The population will further increase to 800 million by year 2100. In the process, Nigeria will be adding 117 million people between 2015 and 2050, just a period of 35 years indicating an average of over 3 million people every year. This makes Nigeria one of the fastest growing countries in terms of population.

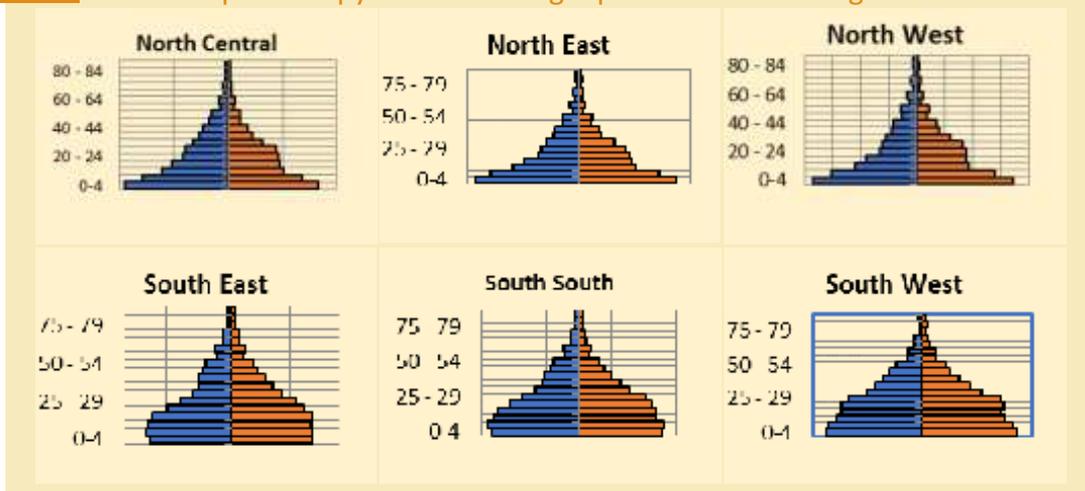
The age structure of the population indicates an increasing proportion of the working age population over the years (Figure 3). However, the structure of population in different geopolitical zones indicates that they are at different stages of demographic transition with the implications that different geopolitical zones will enter the window of opportunity for demographic dividend at different periods. The population pyramids



for the six geopolitical zones reveal that Southern states are already within the window of opportunity, while the northern states will experience these windows of demographic opportunities at later years (Figure 4).

Figure 4:

Population pyramids of the geopolitical zones in Nigeria

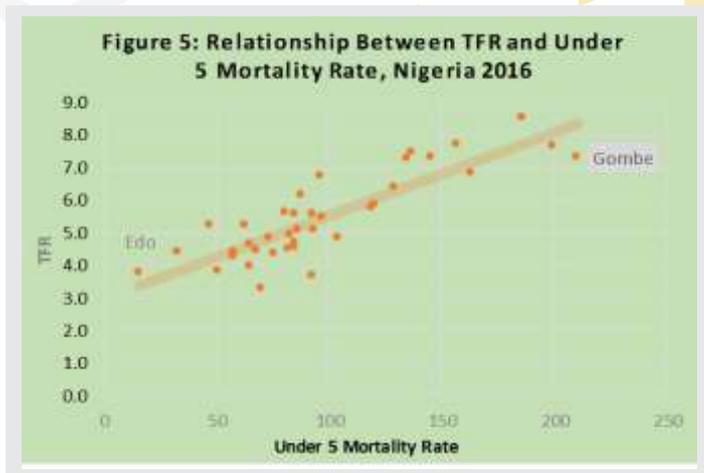


HEALTH

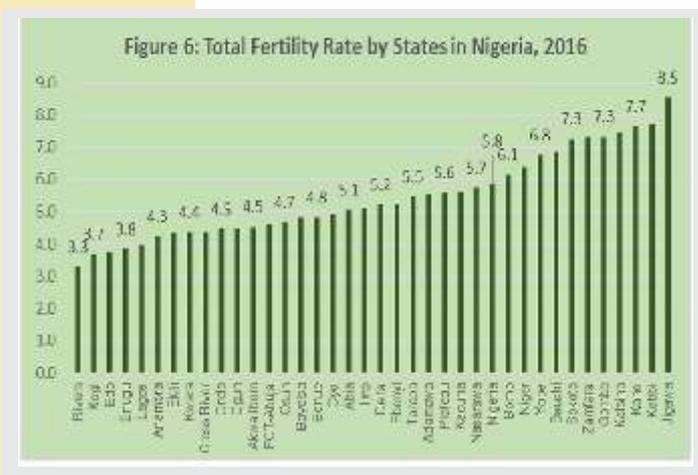
(INCLUDING FAMILY PLANNING) AND WELLBEING

Children are important for demographic transition. There is a mutual relationship between fertility and improvement in child health. Families with smaller sizes are able to invest more on the children, leading to improved maternal health as well as high child survival rate. Also, higher child survival rates lead to declines in fertility. This will subsequently lead to a larger share of working-age people and subsequently create a demographic dividend for the country. Incidentally, as at 2016, the Nigerian situation still reflects a positive relationship between under-5 mortality and high fertility rates (Figure 5). This is a reflection of low health status of children in the country.

Fertility rates in Nigeria is one of the highest around the world. Over the last sixty years, Nigeria has experienced limited fertility decline to date. The average number of children a woman is likely to have, as measured by total fertility rate, declined from



over 7 in the 1960s to 5.8 in 2016. However, the pattern of fertility in the country shows wide disparity (Figure 6). This means that different geopolitical zones of the country are at different stages of the demographic transition. This creates opportunities for the southern geopolitical zones that are at the forefront of the fertility decline to benefit more from the demographic window of opportunity than those in the northern geopolitical zones, thereby creating inequalities. While many states have fertility rates above 7, some others are already with fertility rates below 4.

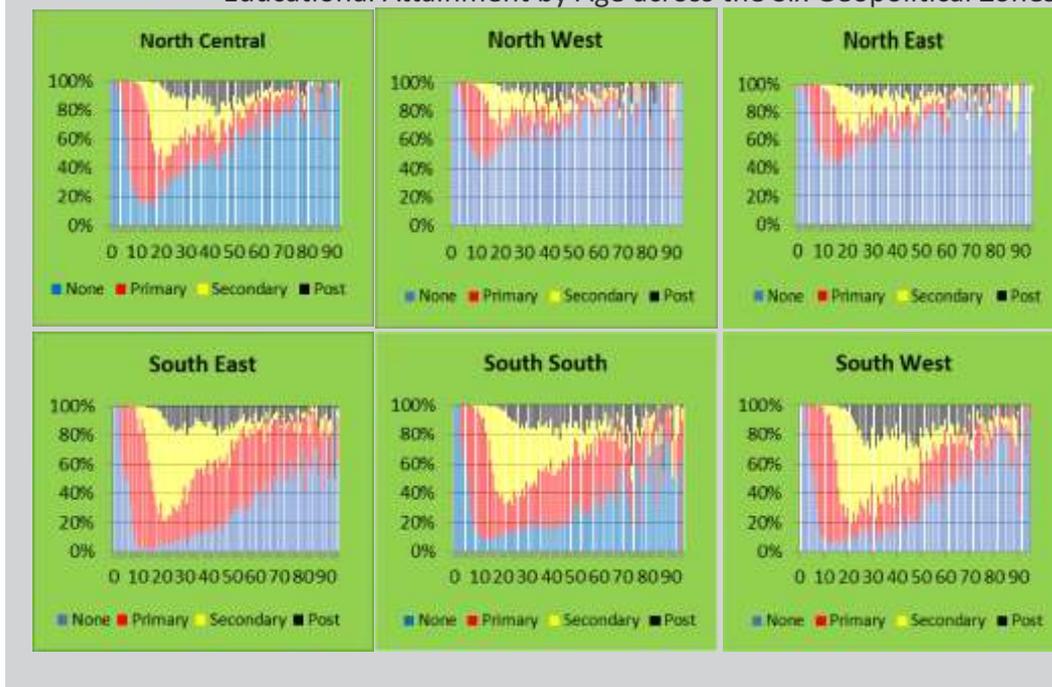


EDUCATION AND SKILLS DEVELOPMENT

One of the greatest challenges facing Nigeria is how to scale up and improve the quality of education and skills development for the 63 per cent of the population who are under age 25. Education, especially female education is critical for the creation and achievement of demographic dividend. Educated women often have fewer children as a result of delayed age of marriage, delayed first sexual contact, or more space between births. In addition, they are much more likely to enter the paid labour market, to have higher earnings, and to be more empowered.

Figure 7:

Educational Attainment by Age across the Six Geopolitical Zones

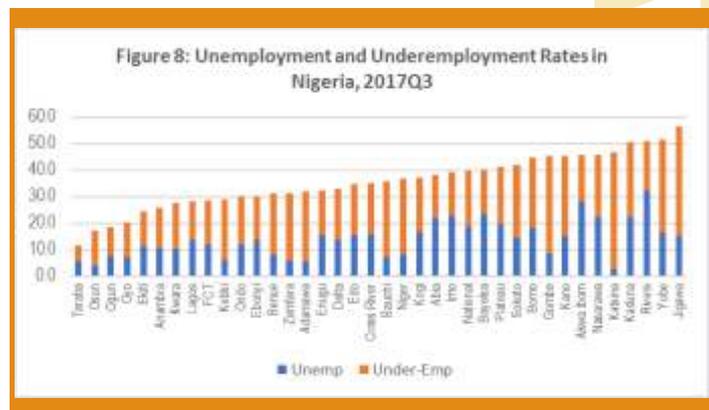


Education improves the possibility of creating the dividend through smaller family sizes as well as helps harness the dividend through the human capital accumulation it offers. Figure 7 presents the profile of educational attainment in the different geopolitical zones by age. It is revealed that there are wide disparities in the educational attainment, with the Southern geopolitical zones performing better than the Northern geopolitical zones. If Nigeria must harness demographic dividend, the citizens must have access to quality and relevant education that will prepare them for today's job.

EMPLOYMENT AND ENTREPRENEURSHIP

Labour market characteristics are important in achieving the economic pillar of the demographic dividend. For any country to benefit from the dividend, unemployment is a big issue. Investments in children do not achieve a maximum economic impact unless they are accompanied by a robust job market. If young adults can find productive employment, they will be able to enjoy higher consumption, invest in their own children, and set money aside for the future.

The size of the demographic dividend that would arise from this will depend on massive creation of decent jobs. It should be noted that it is not all the new entrants into the working age population that will be seekers of jobs. In reality, many of the new young adults will be entrepreneurs looking for people to employ and government must provide enabling environment for employment. There should be policies that will make Nigeria have both new workers and new employers. Although the government does not have to take on the primary responsibility for creating jobs, it must provide conducive and enabling environment.



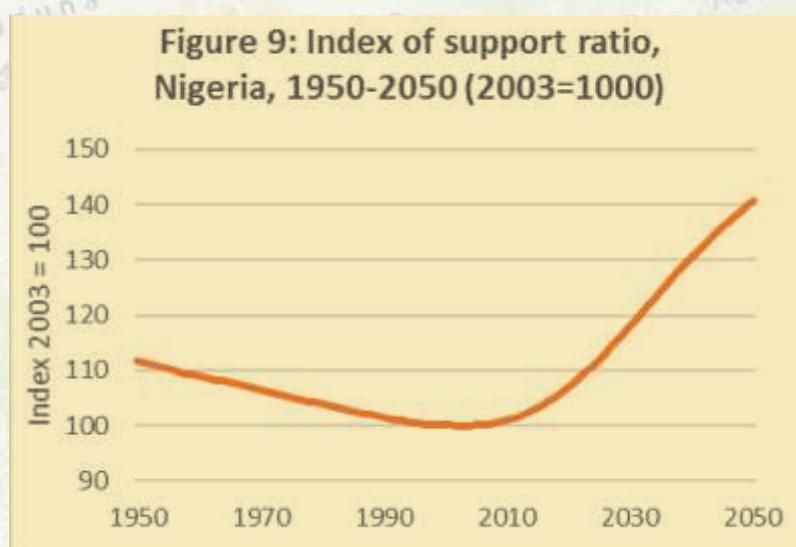
GOVERNANCE AND YOUTH PARTICIPATION IN DEVELOPMENT

Quality youths represent a major starting point in harnessing demographic dividend. The youths must be empowered to be part of the decision-making process. Incidentally, youth dependency rates in Nigeria are among the highest in the world, exposing the country to higher poverty rates, lower labour productivity, high unemployment or underemployment, and the risk of political instability. In order to avert this, youths must be included at all levels of governance structure in the country. Governance in the country must ensure that all institutions are efficiently and effectively organized and managed. Nigeria is a Federal country which makes having a uniform governance structure to support youths difficult. However, the crucial elements for good governance and high performance such as standards, incentives, information, and accountability, must be thoroughly followed to ensure that access to quality healthcare, education and economic opportunities are guaranteed. The process of decision making must also accommodate the youths. This is where the Not too Young to Run Act is important for including the youths in the political governance system of the country. Beyond this, youths must also be involved in all economic structures including business and social sectors of the country.

DEMOGRAPHIC DIVIDEND IN NIGERIA

The estimation of the pattern and magnitude of the demographic dividend in Nigeria is determined based on the profile of the economic support ratio as proposed by the National Transfer Accounts approach. The Support ratio is defined as the Ratio of Effective producers to Effective consumers. The rate of growth of the support ratio gives the demographic dividend. As the economic support ratio increases, the dividend starts to increase rapidly and when the economic support ratio decreases the effect of the dividend also declines. Figure 9 presents the profile of support ratio for Nigeria for the period 1950 - 2050.

The lowest point in the support ratio for the country was in 2003, which indicates the year that the demographic window of opportunity opened. The increase in the support ratio suggests that the contribution of the dividend is expected to increase over the years. However, it should be noted that the dividend is transitory and will end at some point in time. The implication is that Nigeria must position herself to harness the dividend before the window closes. Incidentally, there is no one-size-fits-all strategy. Nigeria therefore needs to study its demographic trends and take actions accordingly. This is because the Nigerian conditions reflects that the different geopolitical zones are at different stages of demographic transition. Policies must therefore be specific to different states. Policy directions should shift attention and efforts from population numbers to population age structures. The population number for Nigeria can represent a strength only if the age structure shifts rapidly in favour of the working age population.



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