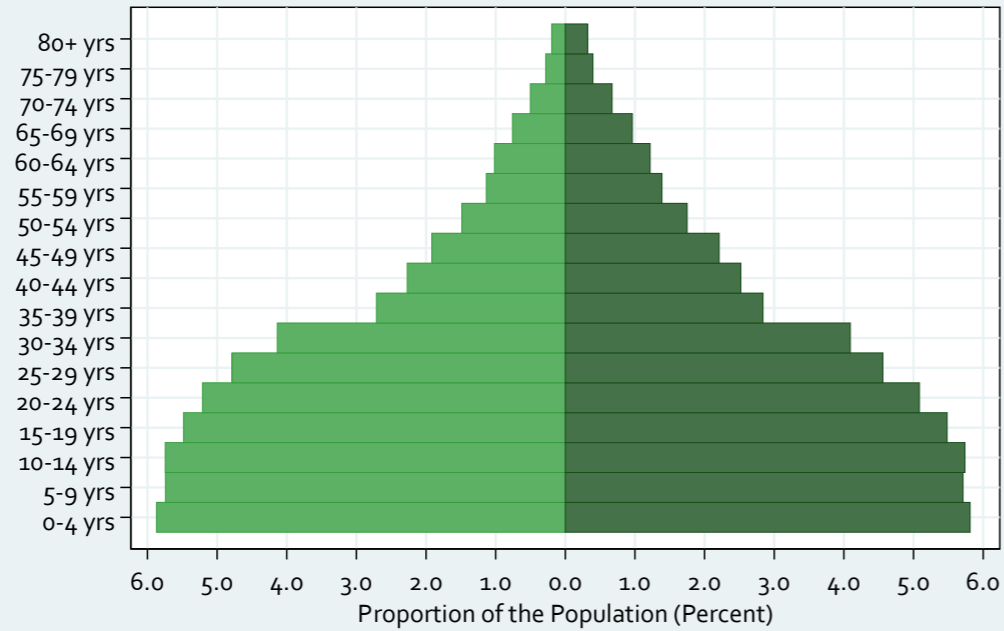


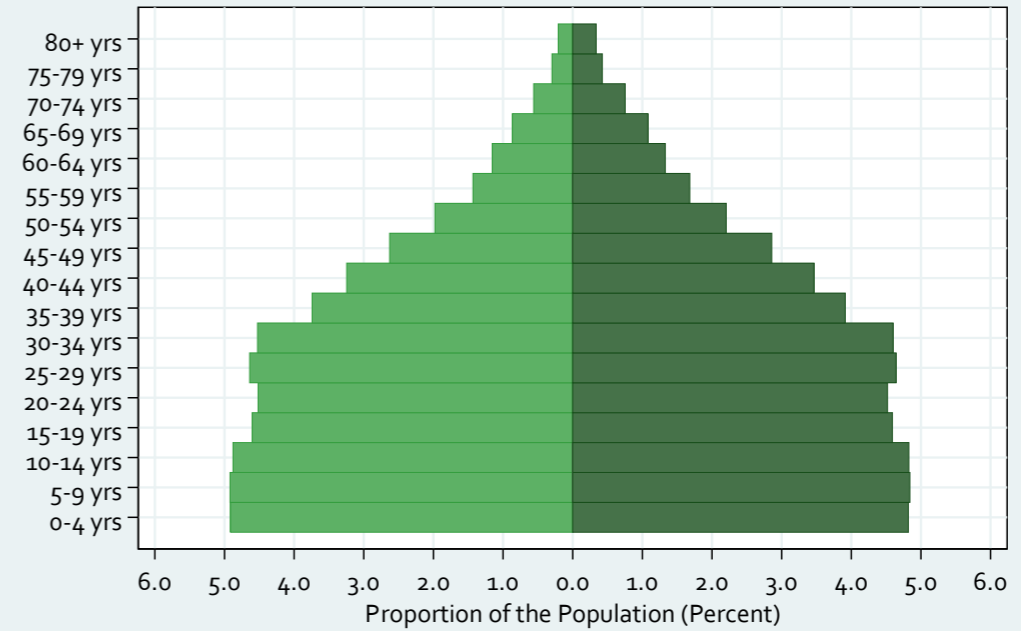
MAXIMISING SOUTH AFRICA'S DEMOGRAPHIC DIVIDEND

Ninth Meeting of the Working Group on Macroeconomic
Aspects of Intergenerational Transfers, 3-8 June 2013, Barcelona

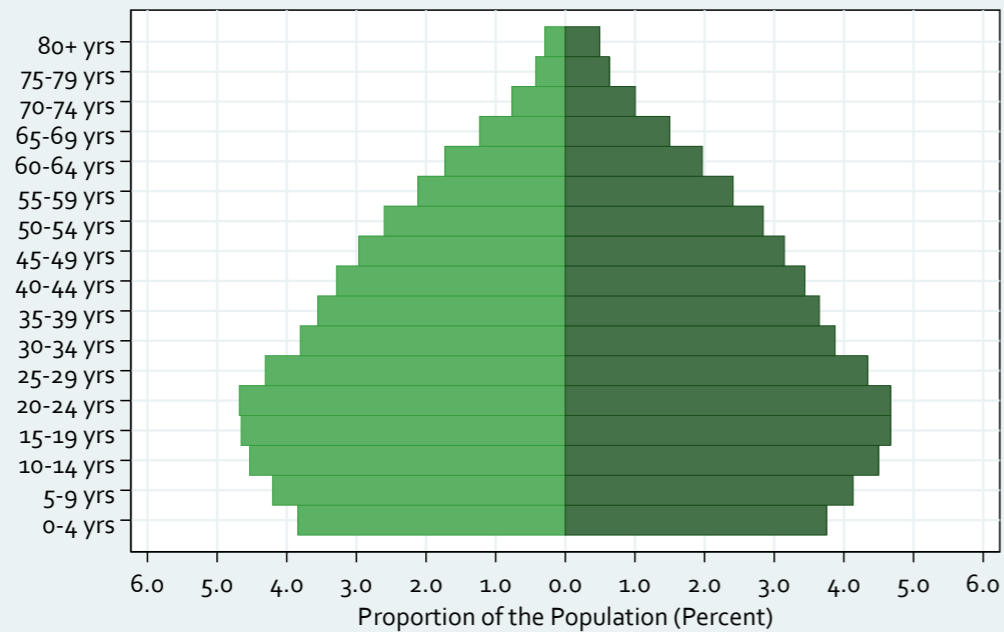
2005



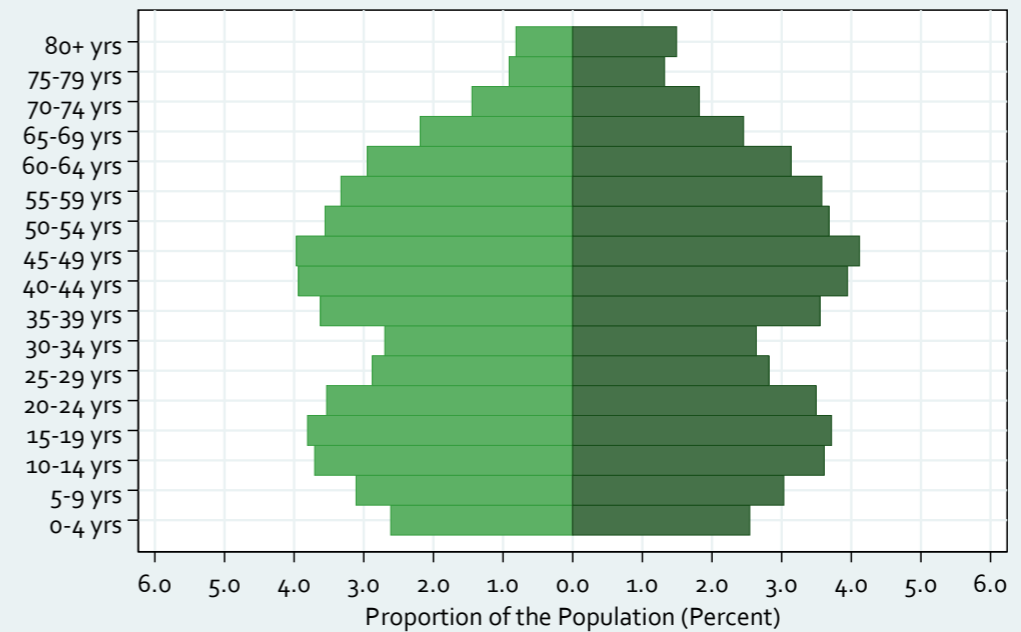
African Male African Female



Coloured Male Coloured Female

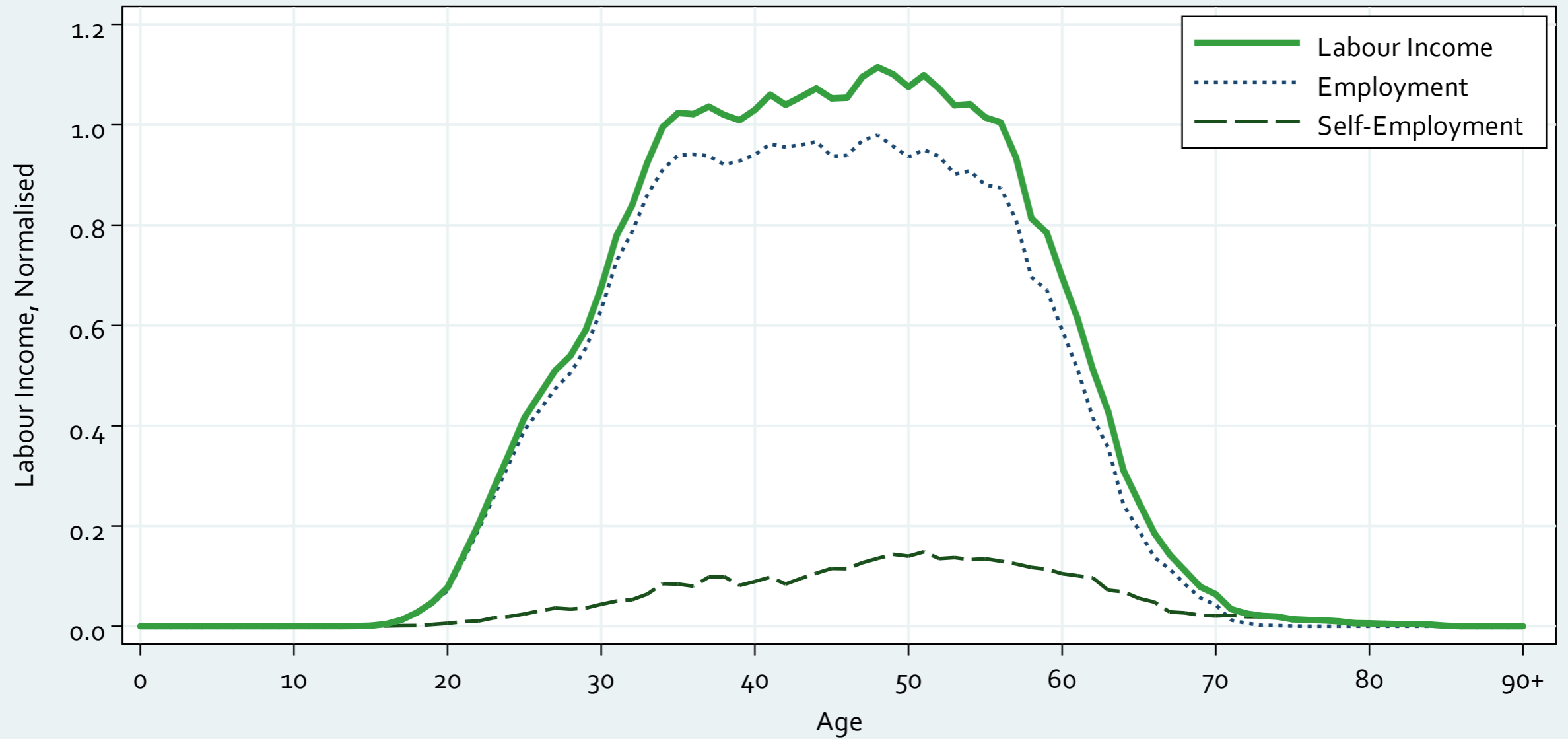


Asian Male Asian Female

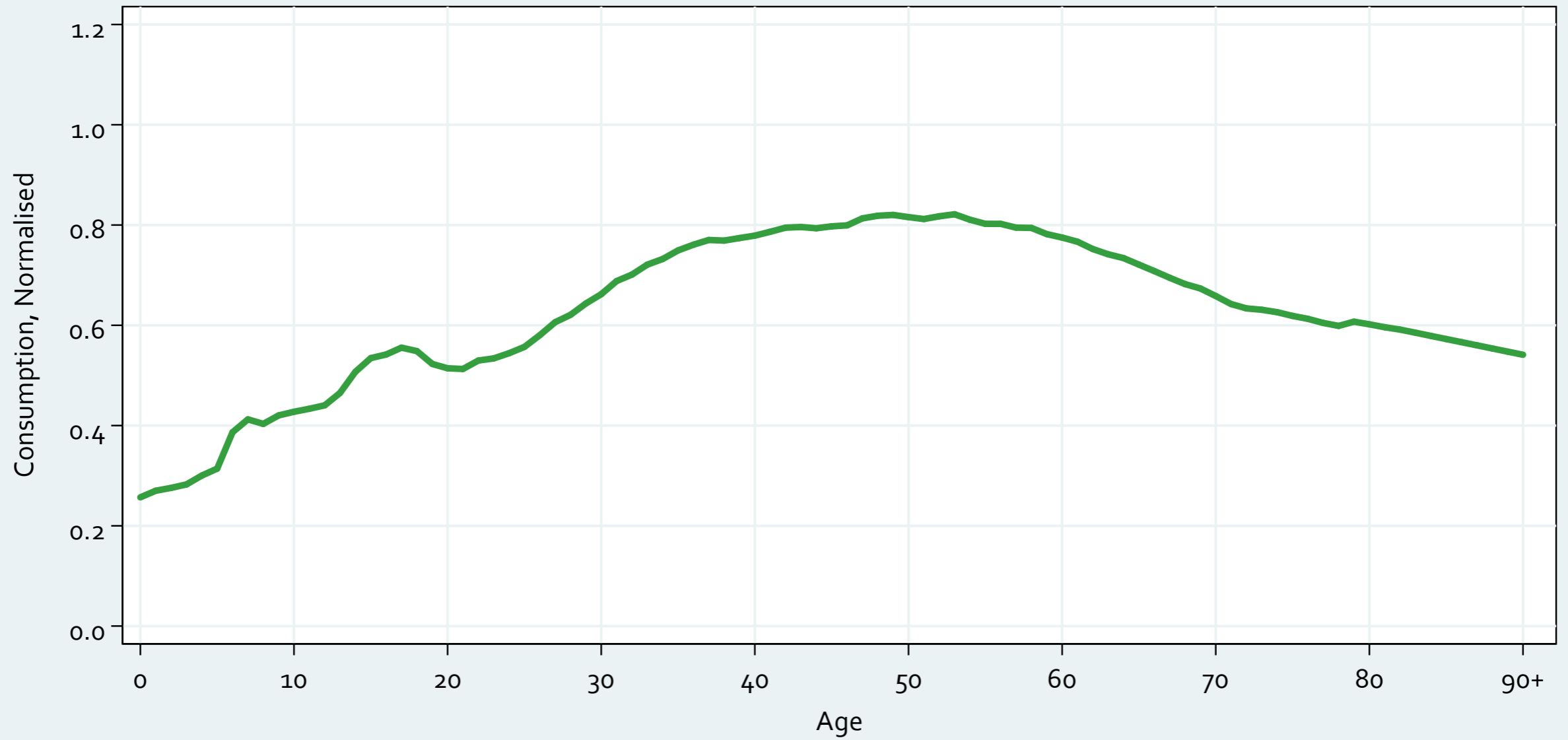


White Male White Female

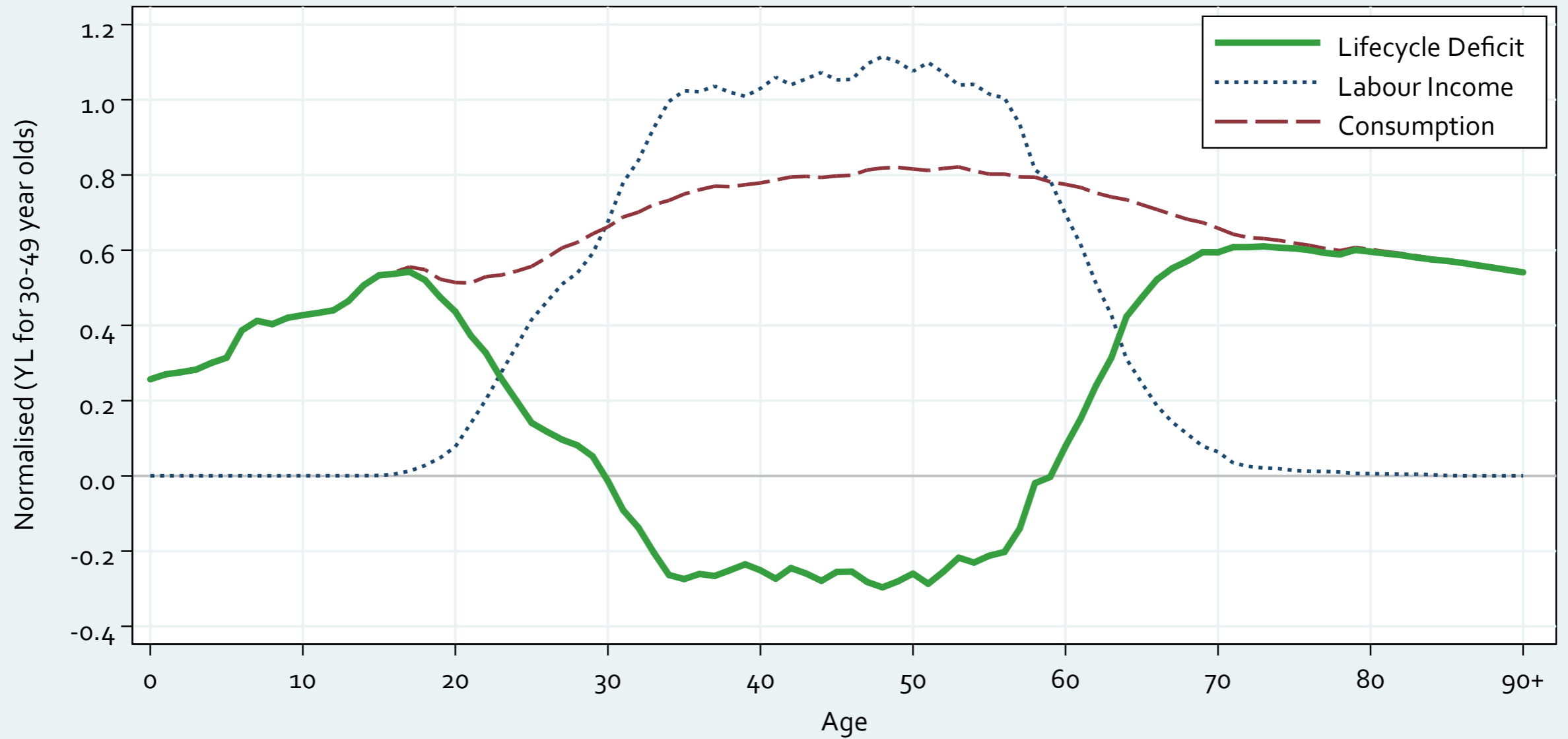
DEMOGRAPHIC TRANSITION UNEVEN



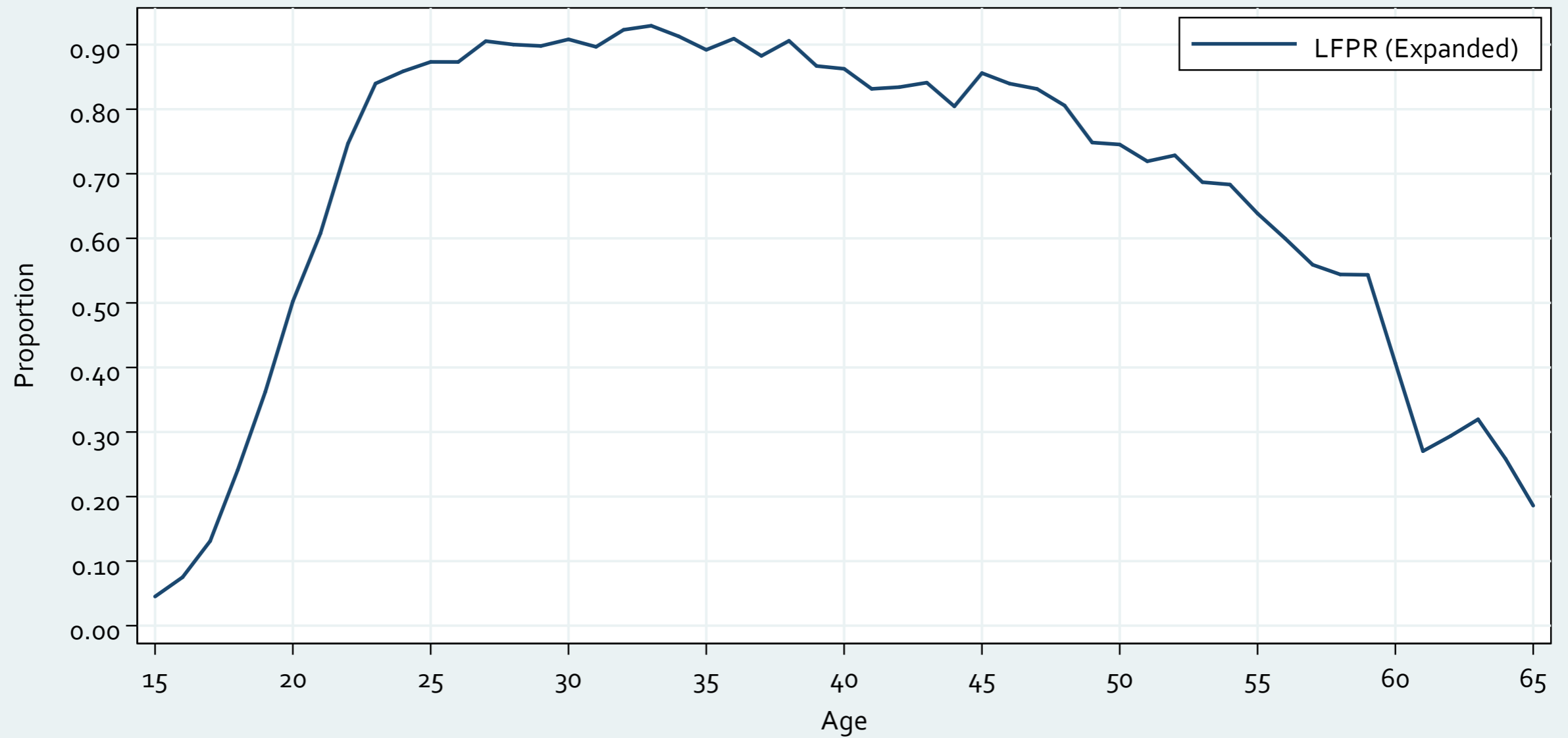
SOUTH AFRICA'S LIFECYCLE DEFICIT



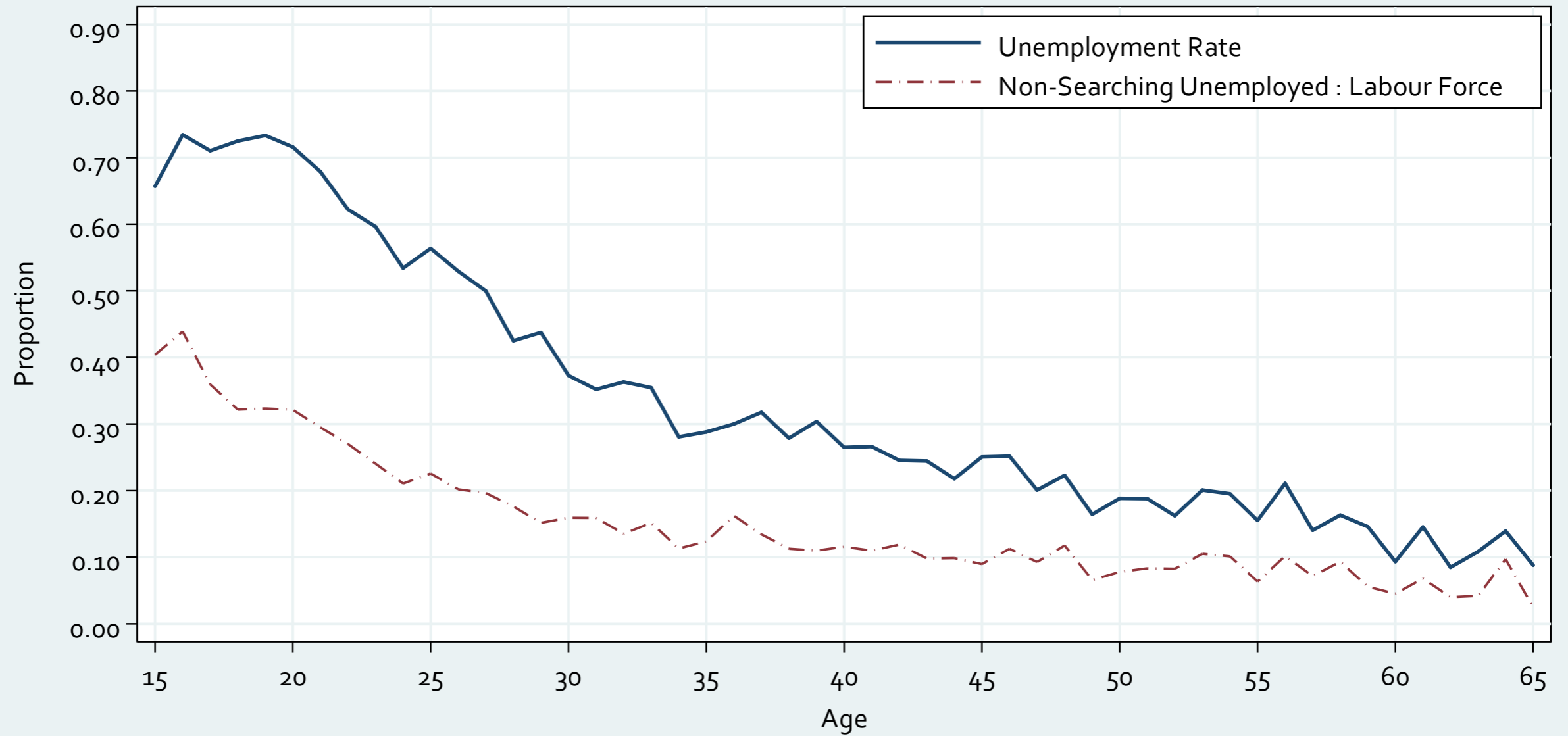
SOUTH AFRICA'S LIFECYCLE DEFICIT



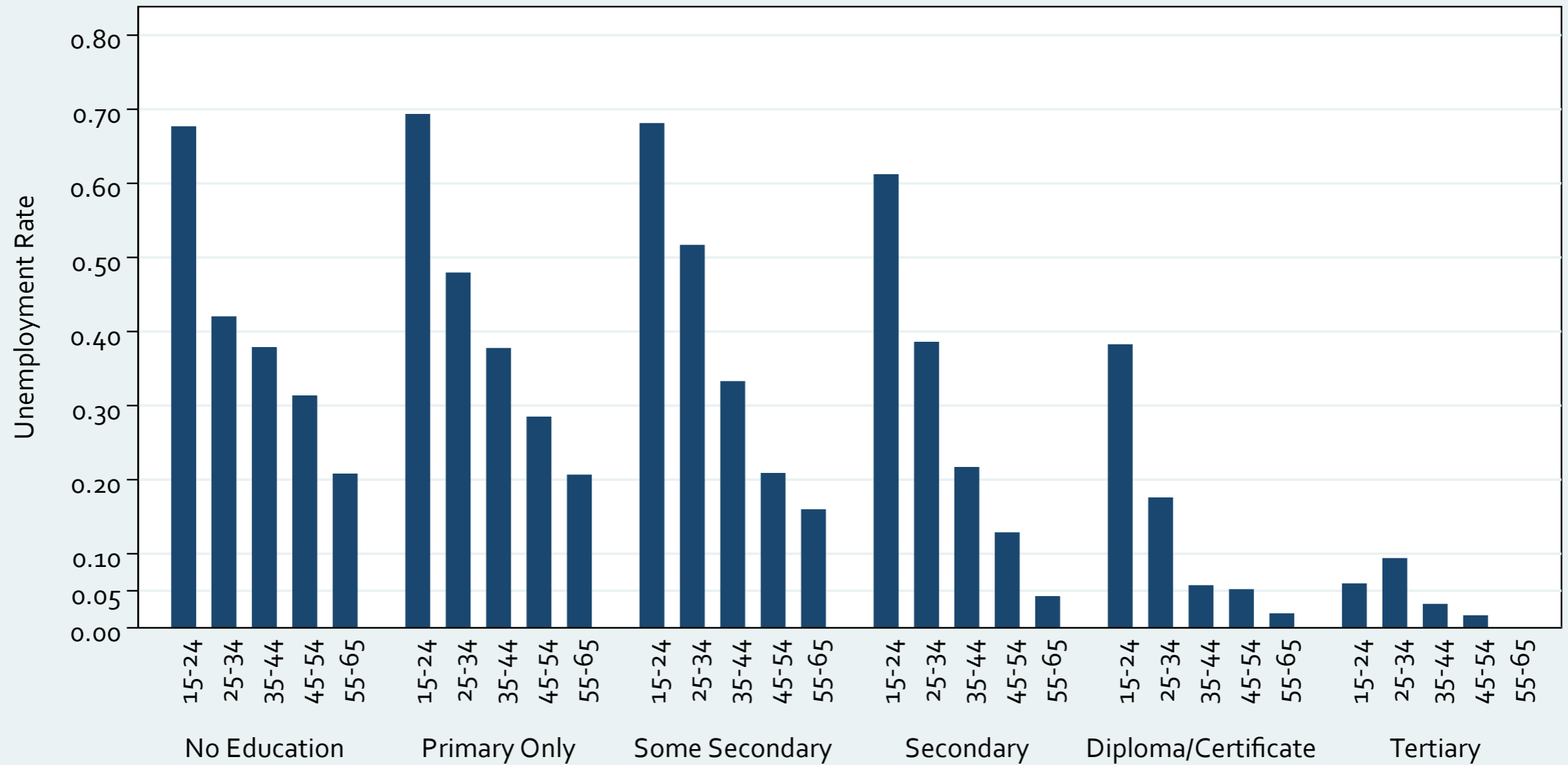
SOUTH AFRICA'S LIFECYCLE DEFICIT



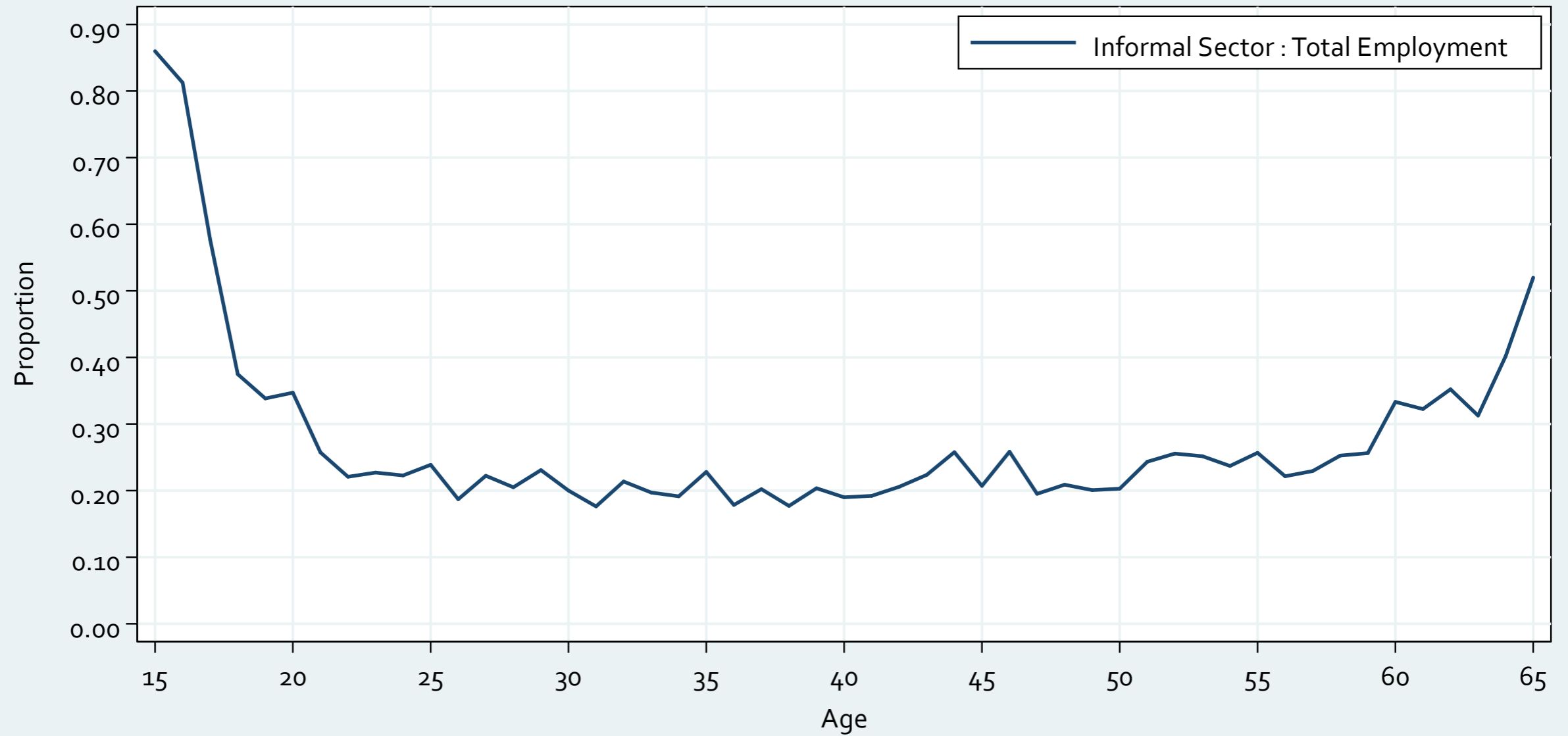
So, late rise in labour income profile, sharp decline, relatively small YLS



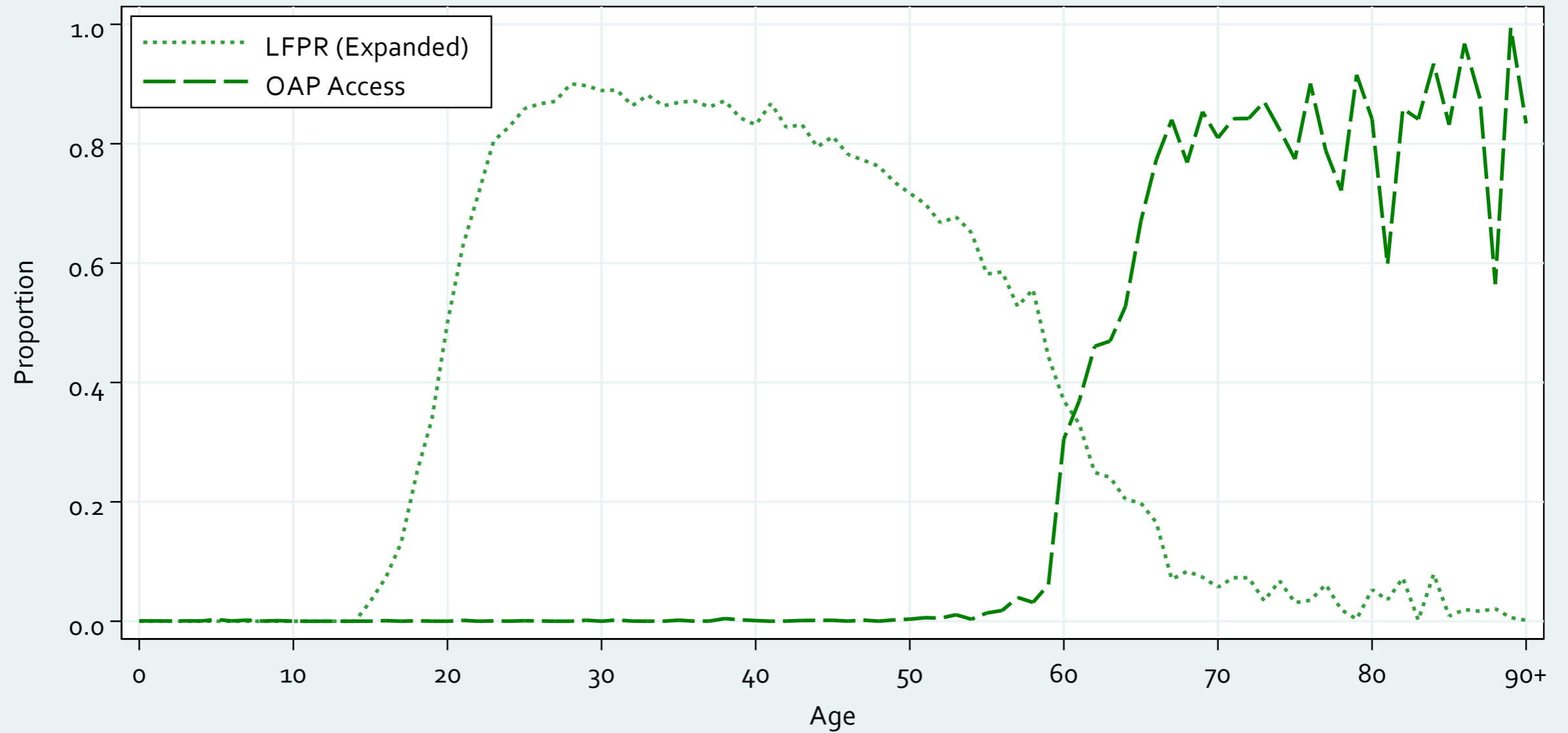
So, late rise in labour income profile, sharp decline, relatively small YLS



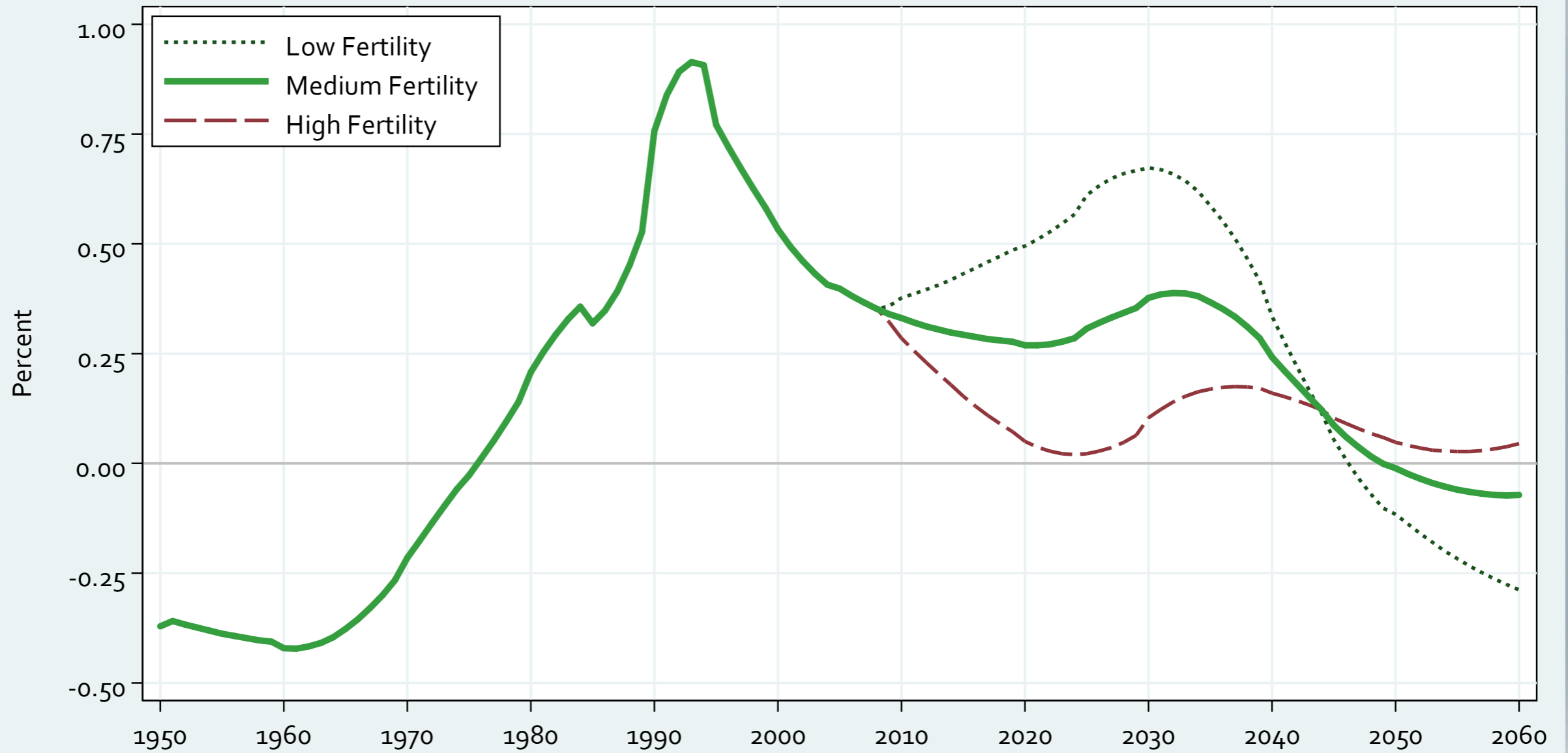
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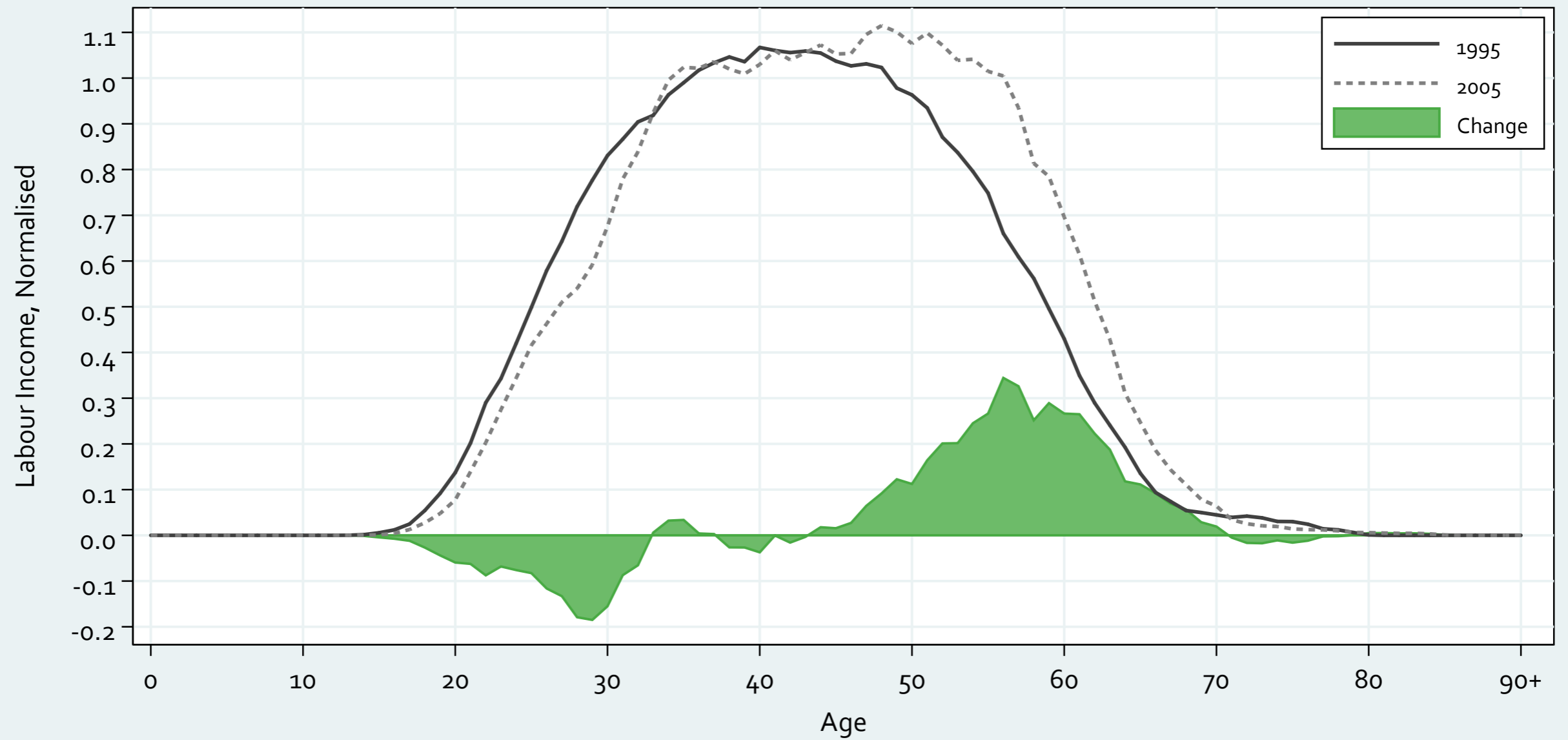
So, late rise in labour income profile, sharp decline, relatively small YLS



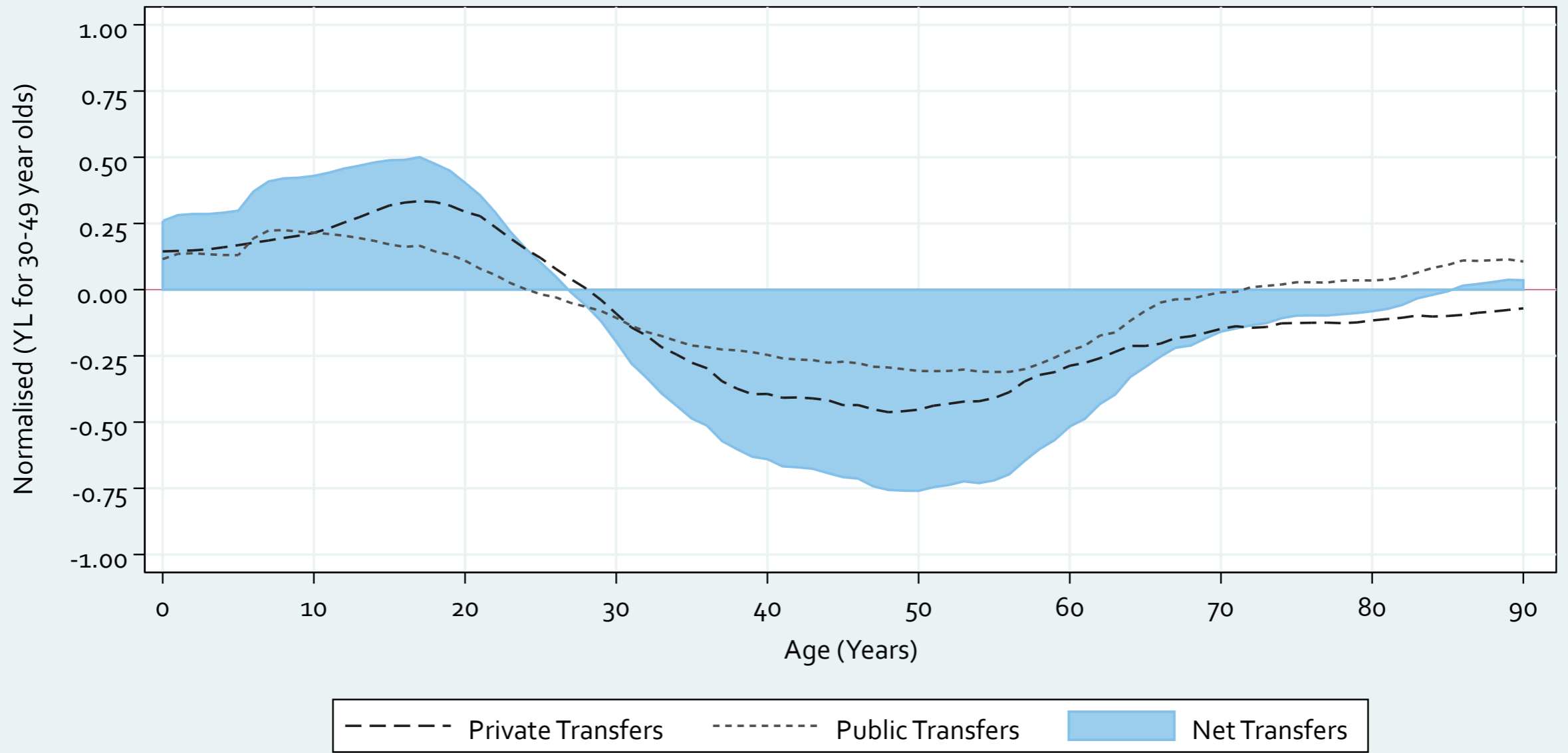
SOUTH AFRICA'S DEMOGRAPHIC DIVIDEND

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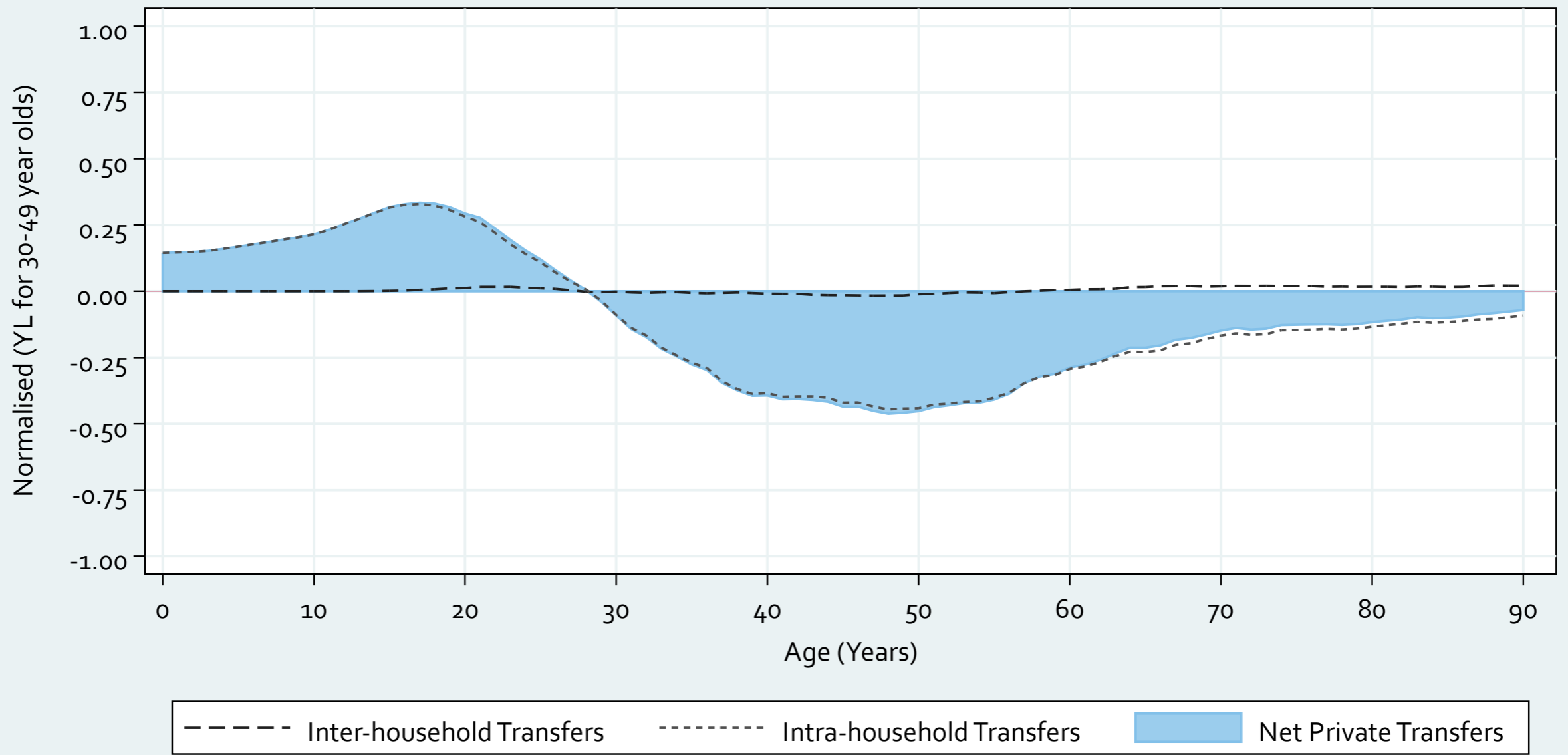
- Under all three assumptions, SA has positive first dividend until mid-2040s
- Weak demand for labour compromises both the first and the second dividend
 - High unemployment depresses labour income profile, particularly for youth; long-term unemployment; and wage scarring



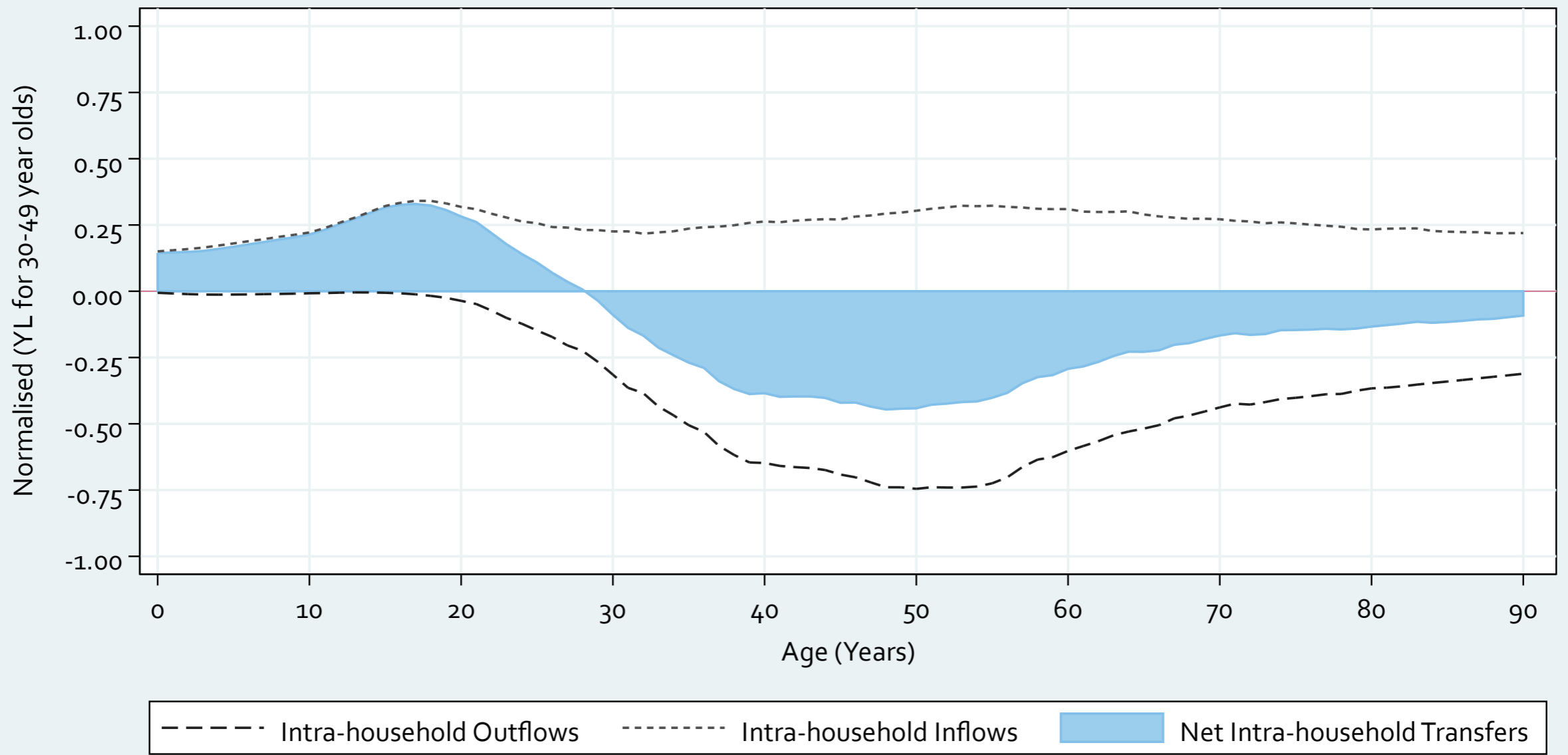
LABOUR INCOME: 1995-2005



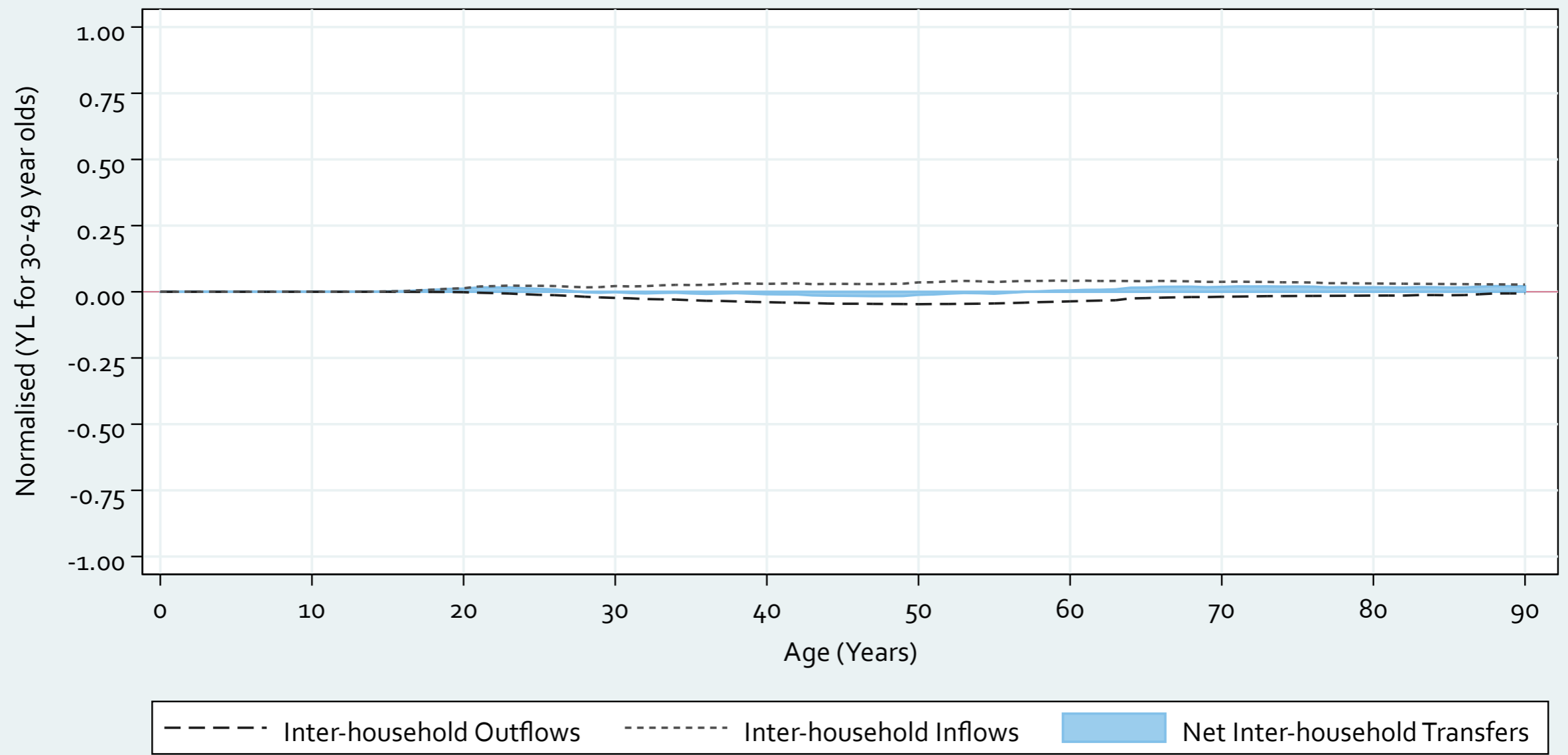
TRANSFERS



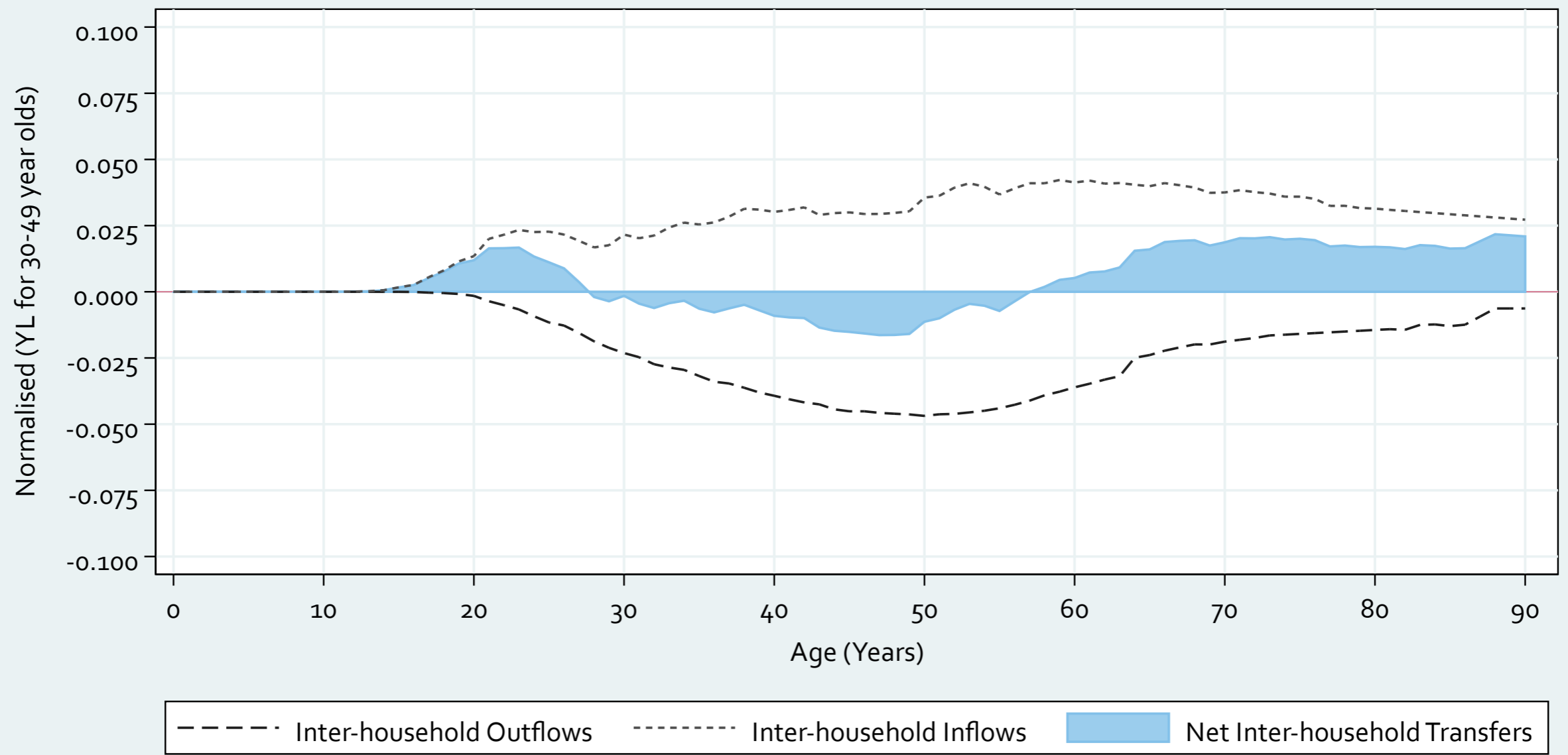
PRIVATE TRANSFERS



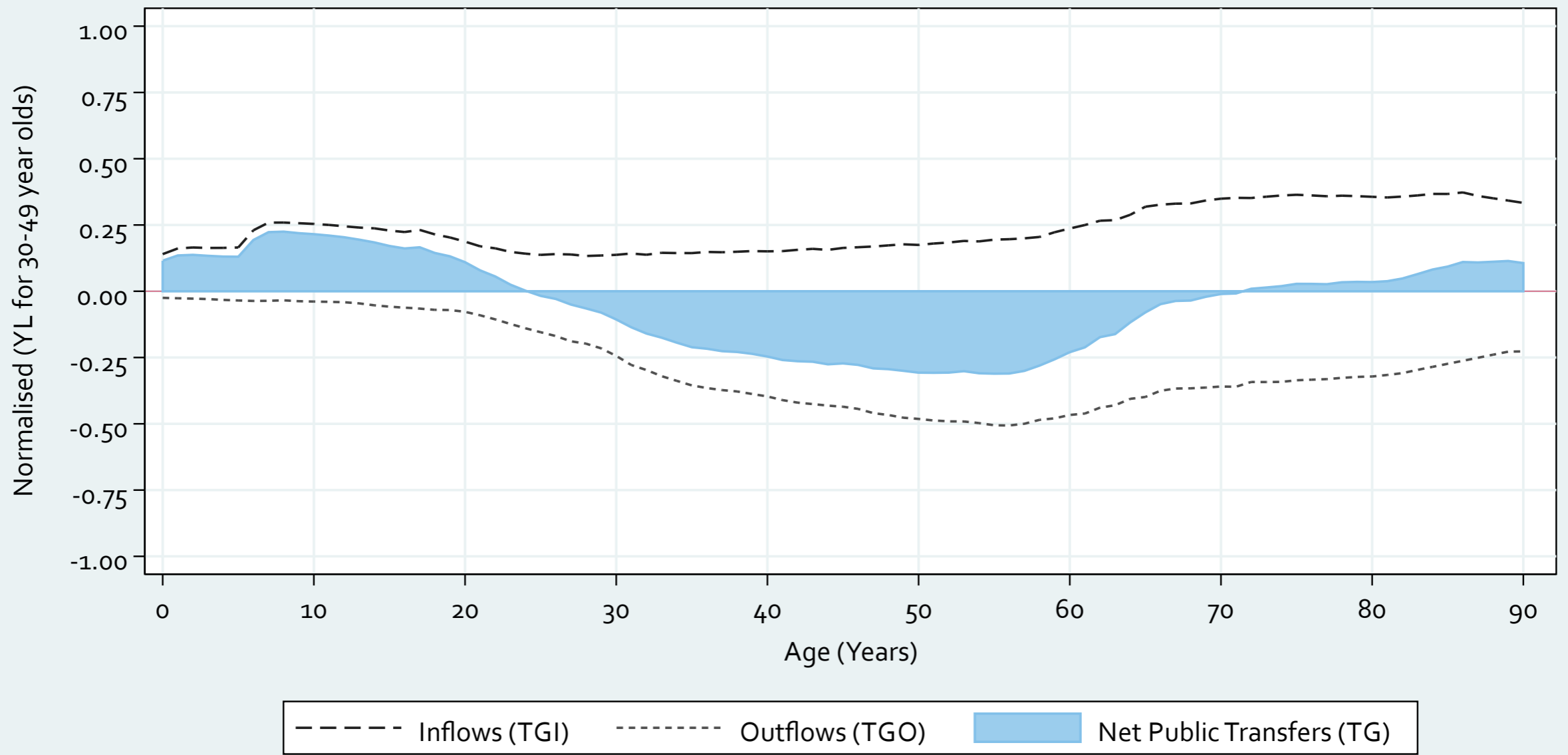
INTRA-HOUSEHOLD TRANSFERS



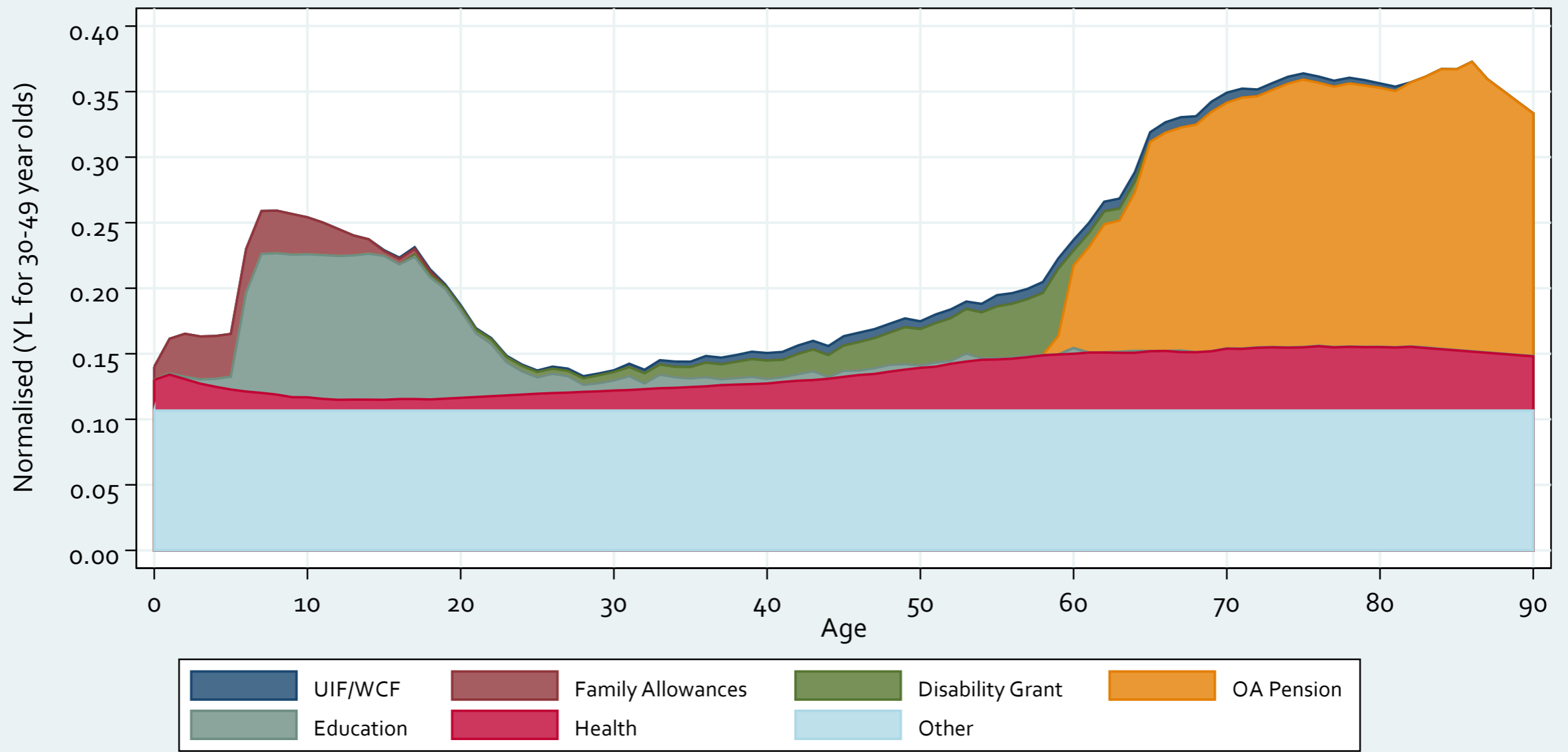
INTER-HOUSEHOLD TRANSFERS



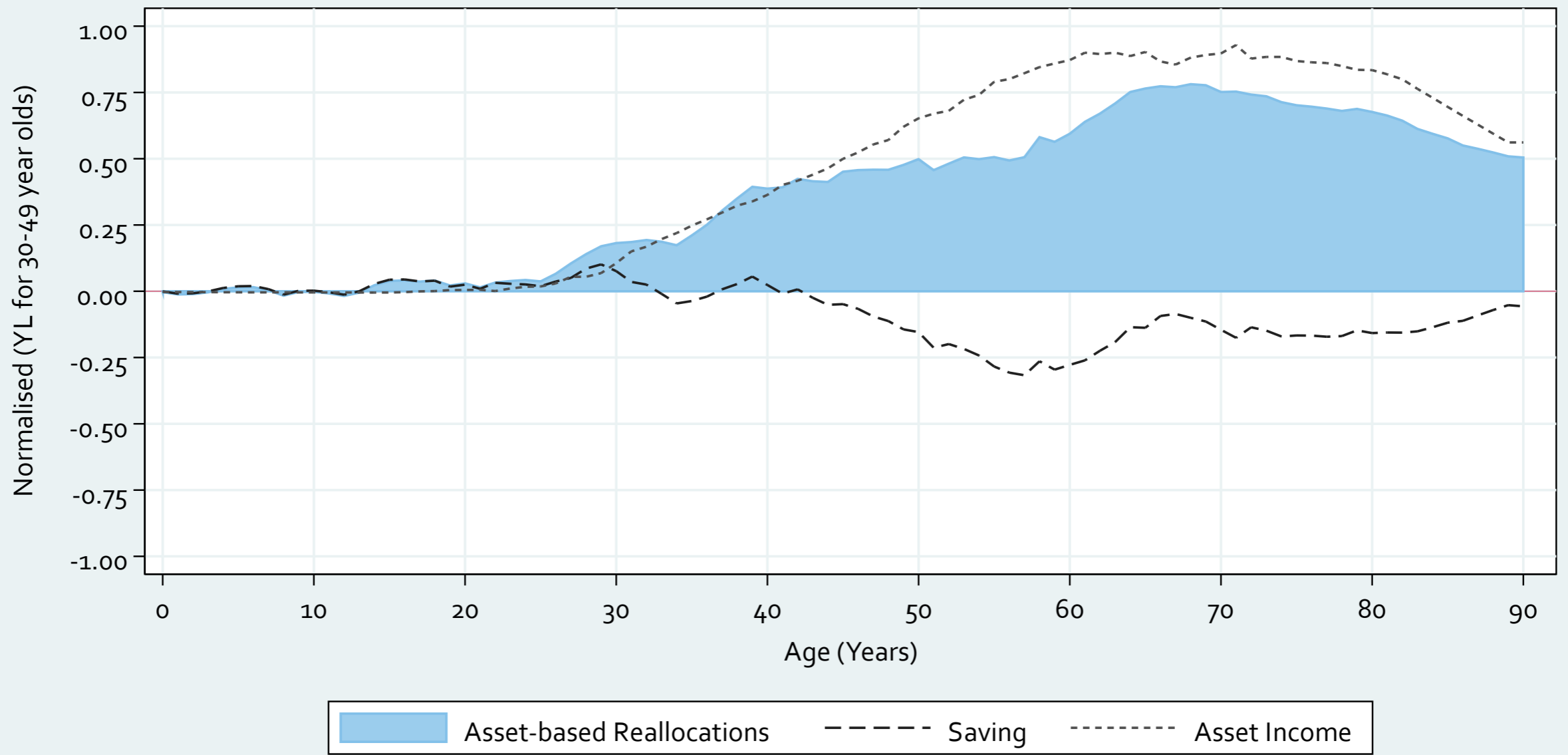
INTER-HOUSEHOLD TRANSFERS



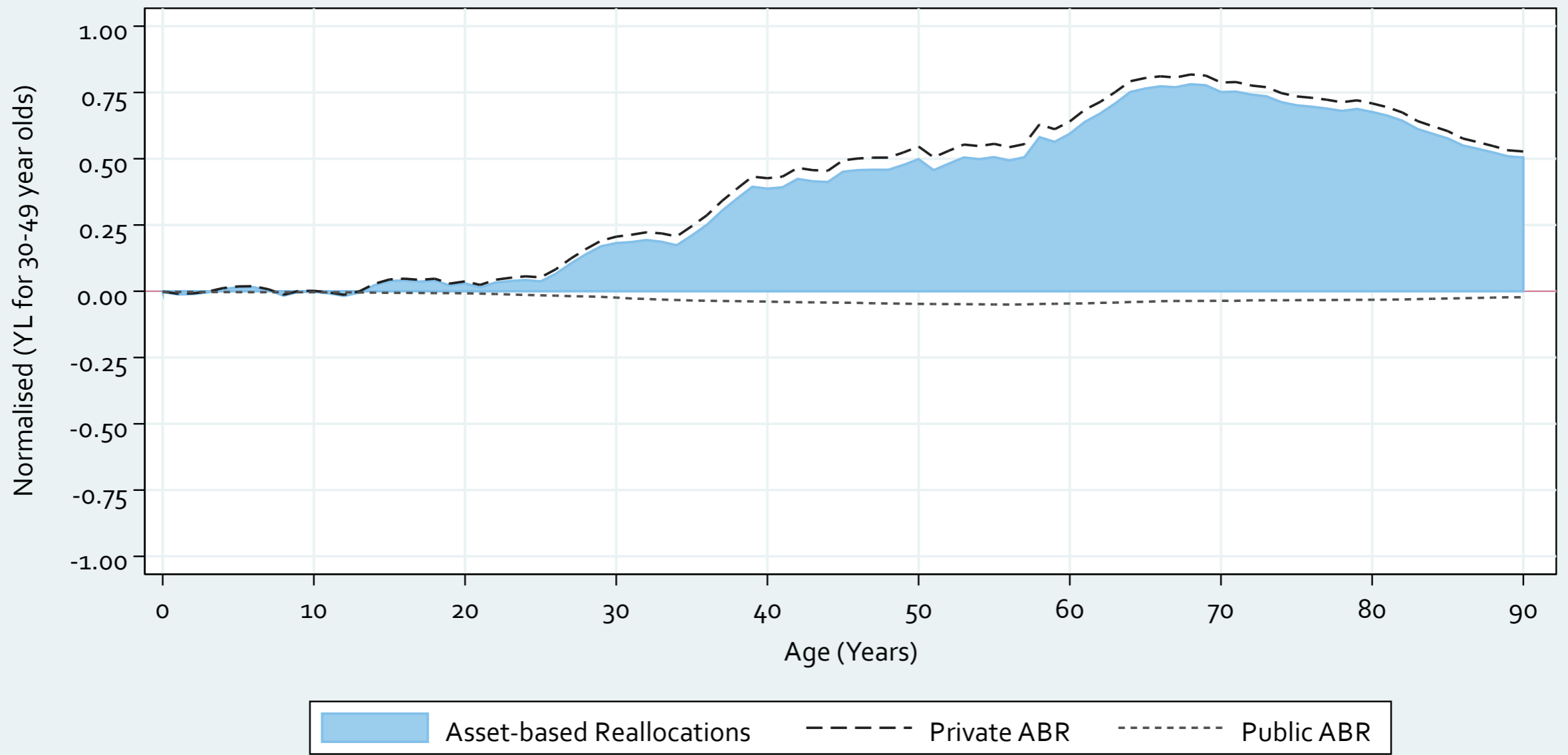
PUBLIC TRANSFERS



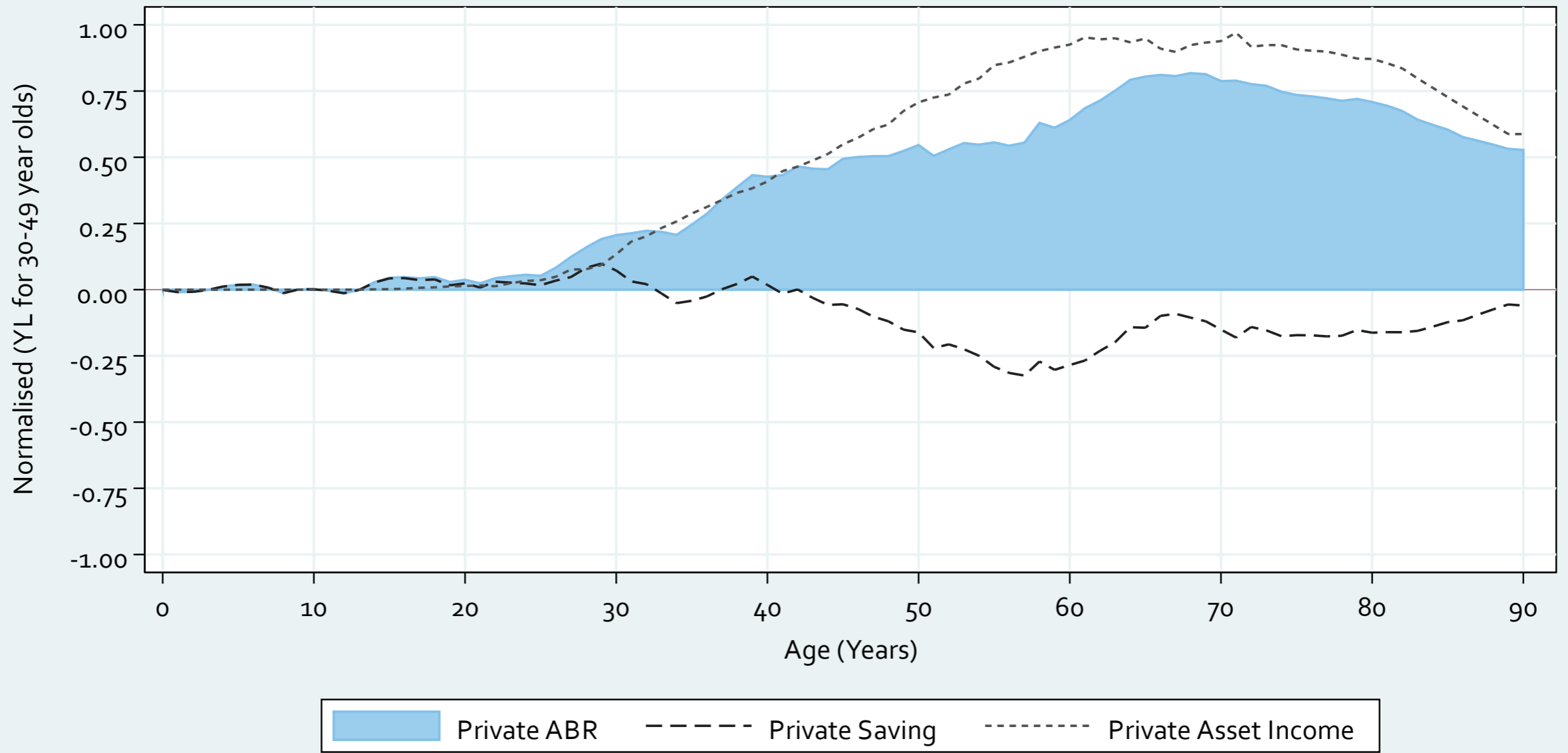
PUBLIC TRANSFER INFLOWS



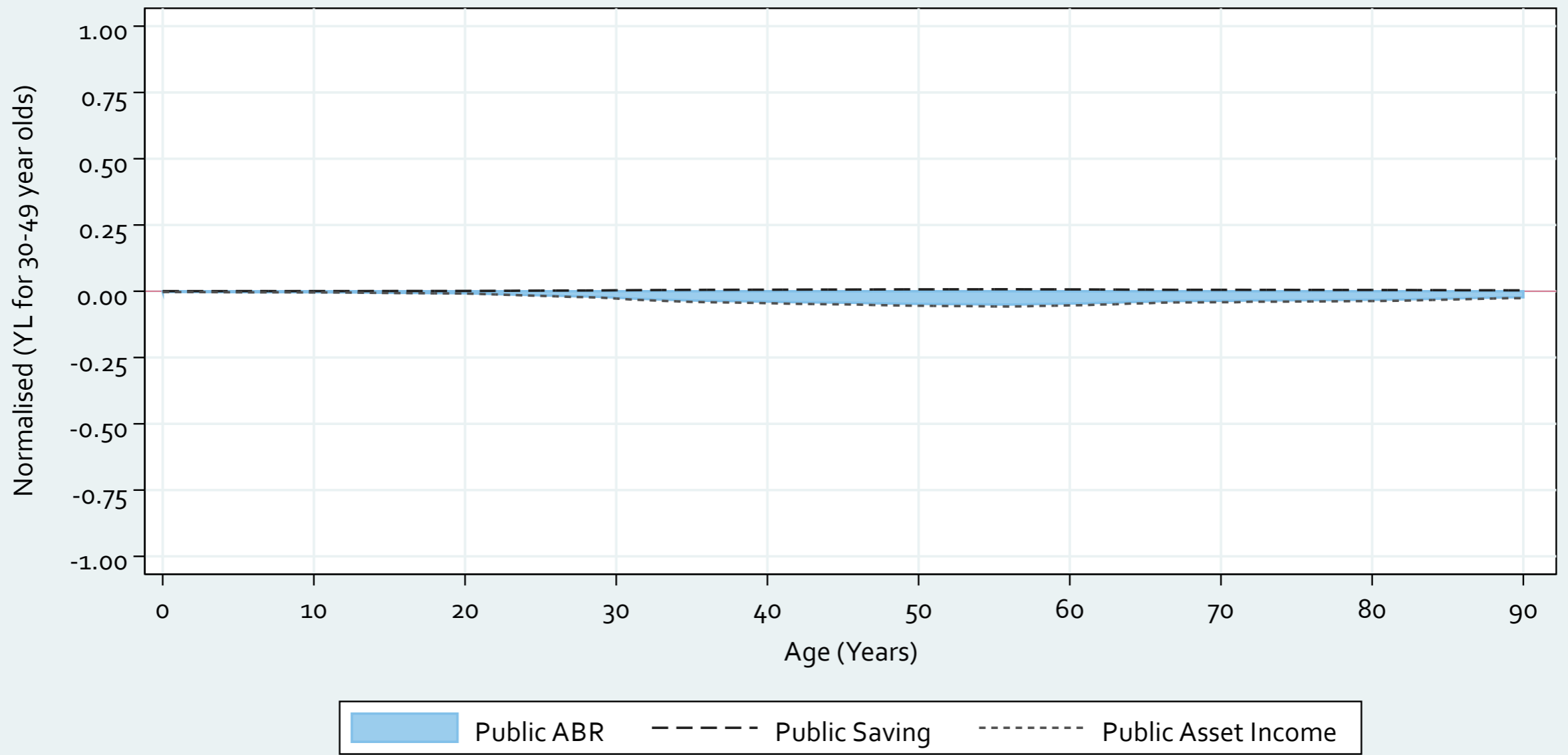
ASSET-BASED REALLOCATIONS



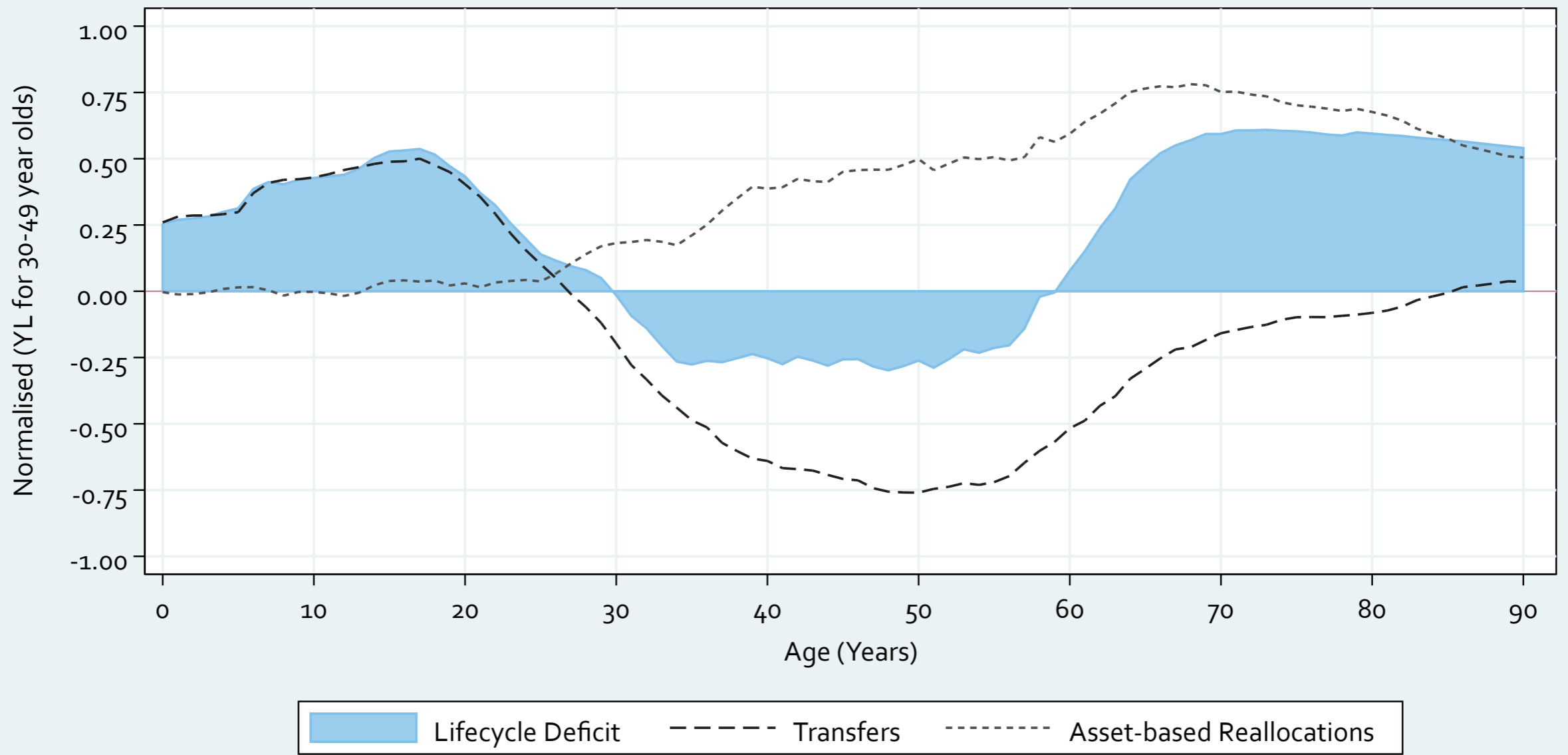
ASSET-BASED REALLOCATIONS



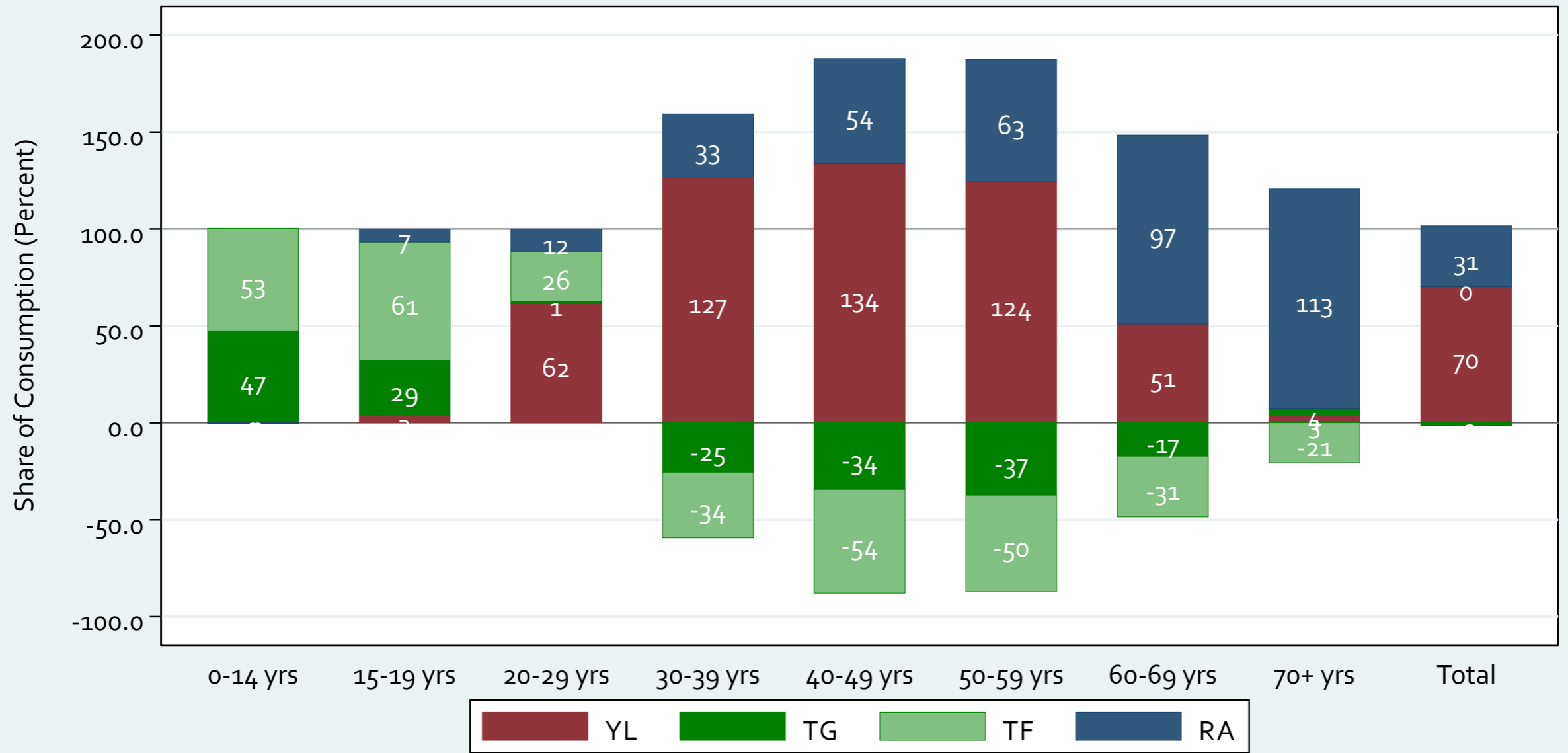
PRIVATE ABR



PUBLIC ABR



FINANCING THE DEFICIT

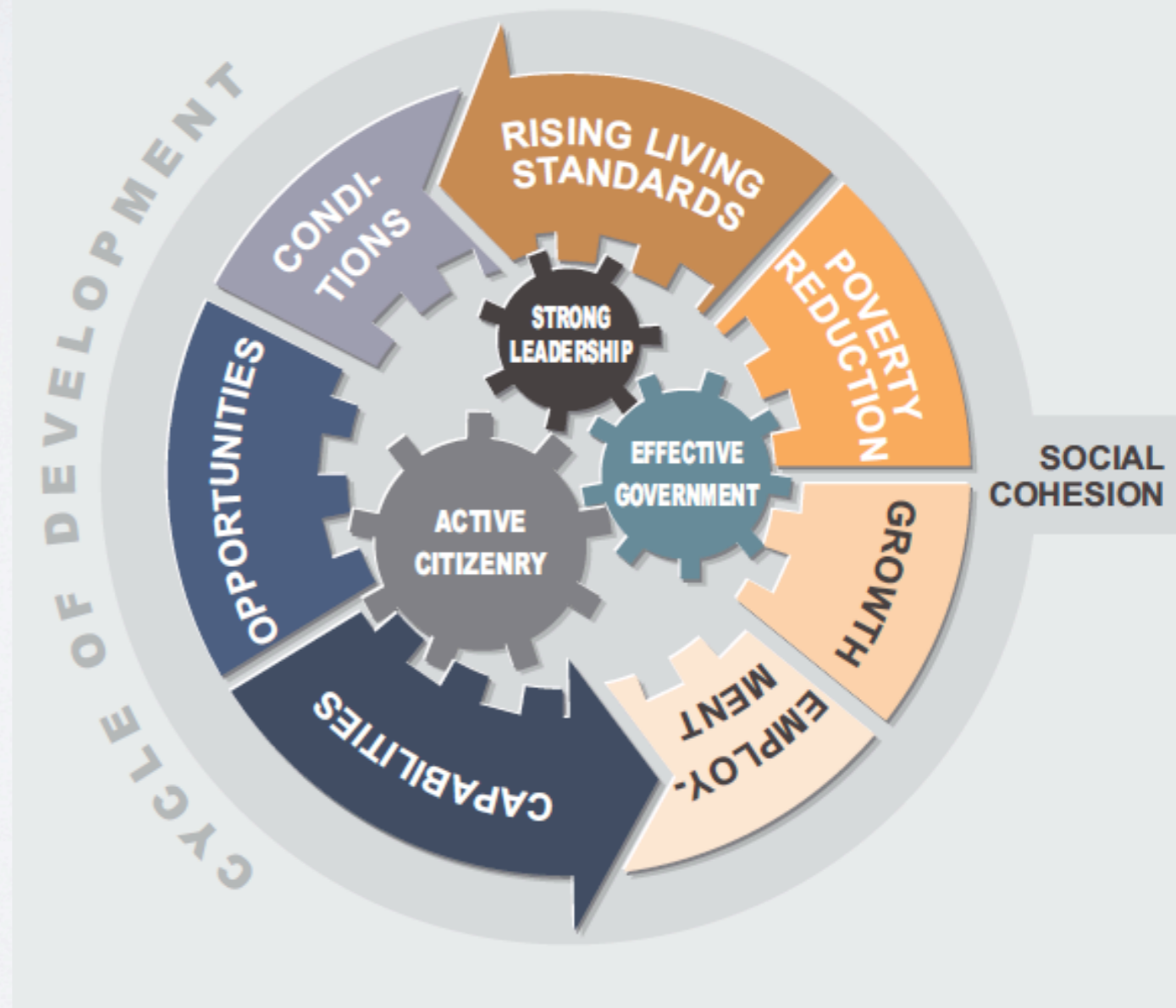


FINANCING CONSUMPTION

POLICY IMPLICATIONS

- National Development Plan 2030
 - Elimination of poverty, reduction in inequality as key objectives
 - Specifically notes the role of the demographic dividend
 - “Youth lens”

FIG 1.1 AN APPROACH TO CHANGE



RELEVANT NDP OBJECTIVES

- The unemployment rate to fall from 25% in 2012, to 14% (2020) and 6% (2030)
- Employment rate to rise from 41% to 61%
- Rural employment rate to rise from 29% to 40%
- LFPR to rise from 54% to 65%
- Public employment programmes to reach 1 million people by 2015 and 2 million people by 2030
- Bottom 40%'s share of national income to rise from 6% to 10%
- Broaden ownership of assets to historically disadvantaged groups
- Savings rate to rise from 16% of GDP to 25%
- Gross fixed capital formation to rise from 17% to 30% of GDP
- GDP growth of 5.4% p.a.
- All working individuals should make adequate provision for retirement through mandated savings
- ECD to be a top priority
- All children to have at least 2 years' preschool education
- Improved throughput in secondary education
- Expansion of college system and a 25% participation rate
- Produce 30 000 artisans per year by 2030
- Increase university enrollments by 70% to 1.62 million
- Increase number of students in maths and science based degrees to 450 000
- Raise life expectancy at birth to 70 years
- Improve TB prevention and cure; reduce maternal, infant and child mortality; halve rates of injury, accidents and violence
- Ensure progressively that no-one lives below a defined minimum social floor
- Income support to the unemployed through various active labour market initiatives