

# IMF Africa Regional Economic Outlook discussion

Session II: How Can Sub-Saharan Africa Harness the  
Demographic Dividend?

Discussion by Jocelyn E. Finlay

# Overview

- Rate of fertility decline determines the depth of the demographic dividend.
- Second demographic dividend from increased productivity per worker (education)
- Sound policies encourage entrepreneurship and long term planning.
- In sub-Saharan Africa, within-country distributions are not equal
  - the profits for oil- (and other resource-) rich countries are not shared by all, labor market policies only benefit those in formal employment, fertility decline and education gains are among the wealthy.

# Population Association America: Some feedback

- Monica Das Gupta, University of Maryland
  - 1<sup>st</sup> DD: Fertility decline will yield an automatic dividend
  - 2<sup>nd</sup> DD: Many countries have gained from the demographic transition even if the policy setting has not been ideal. Brazil.
- Ron Lee, UC Berkeley
  - 1<sup>st</sup> DD: Transitory gains eventually eroded by population aging
    - » Some SSA countries have a negative dividend phase with mortality dominating fertility decline
    - » Other SSA countries see a long, slow first dividend phase
    - » Youth underemployment is worse than what standard employment data suggest
  - 2<sup>nd</sup> DD: NTA calculations show positive gains in SSA through payoffs from increases in education and savings

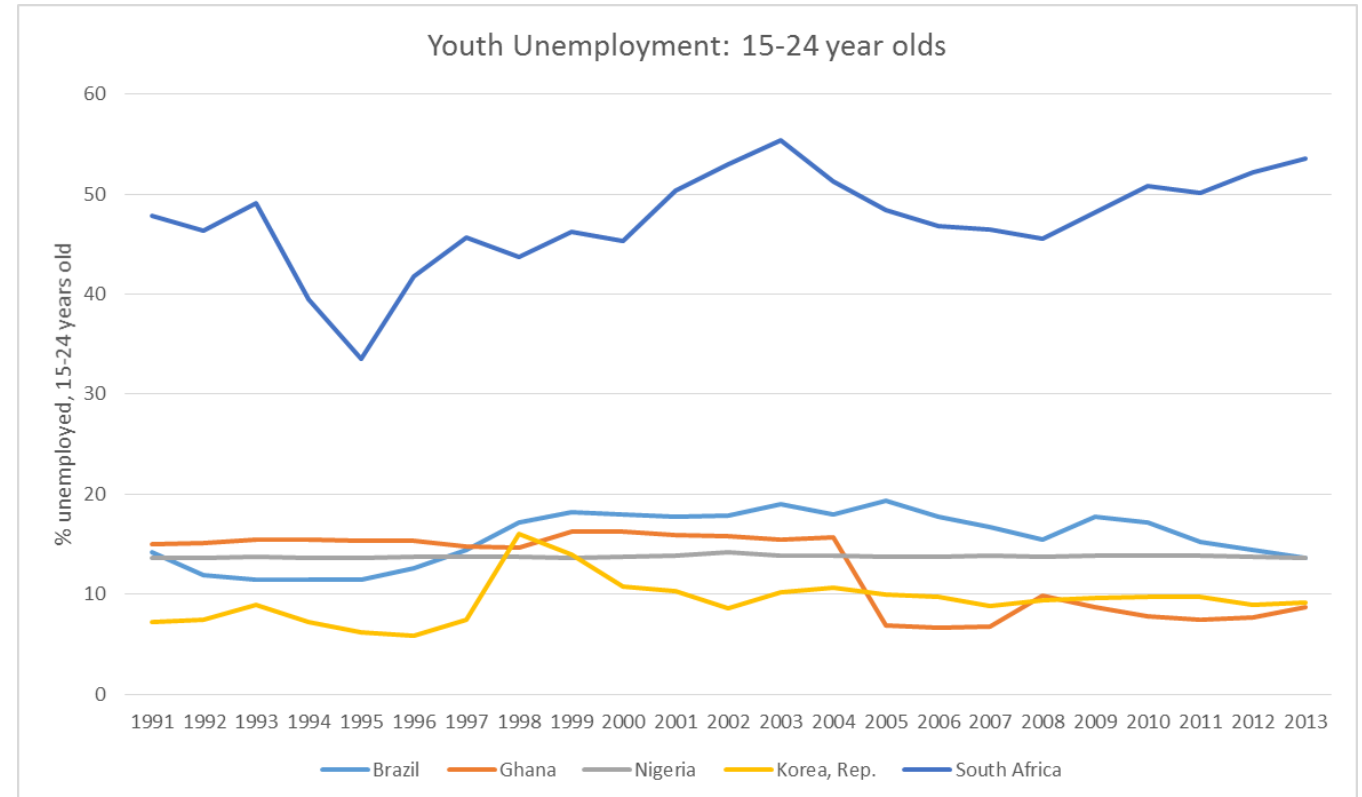
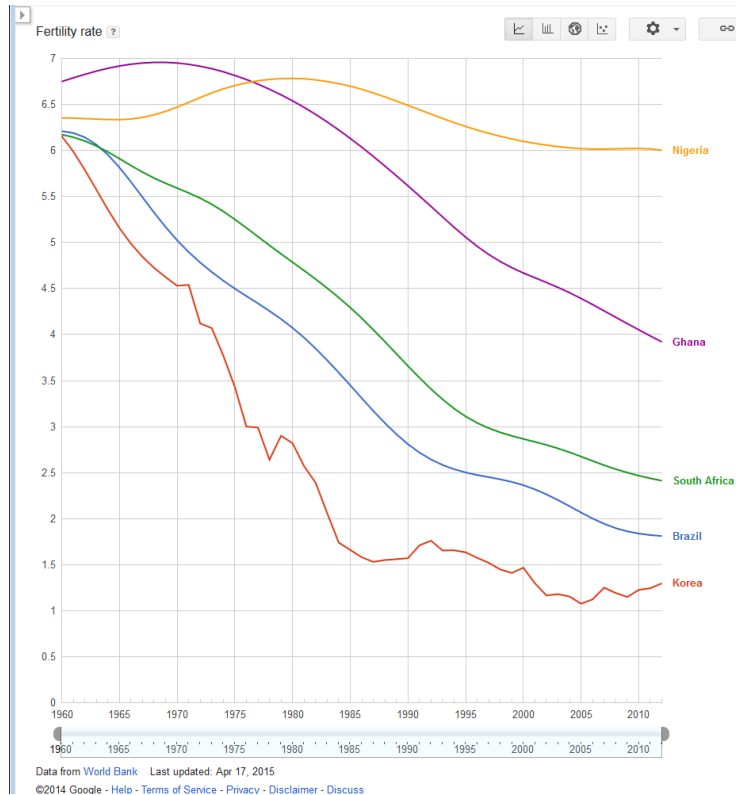
$$\frac{Y}{P} = \frac{Y}{L} \cdot \frac{WA}{P} \cdot \frac{L}{WA}$$

Income per capita =

Income per worker (productivity) X

Working age share X

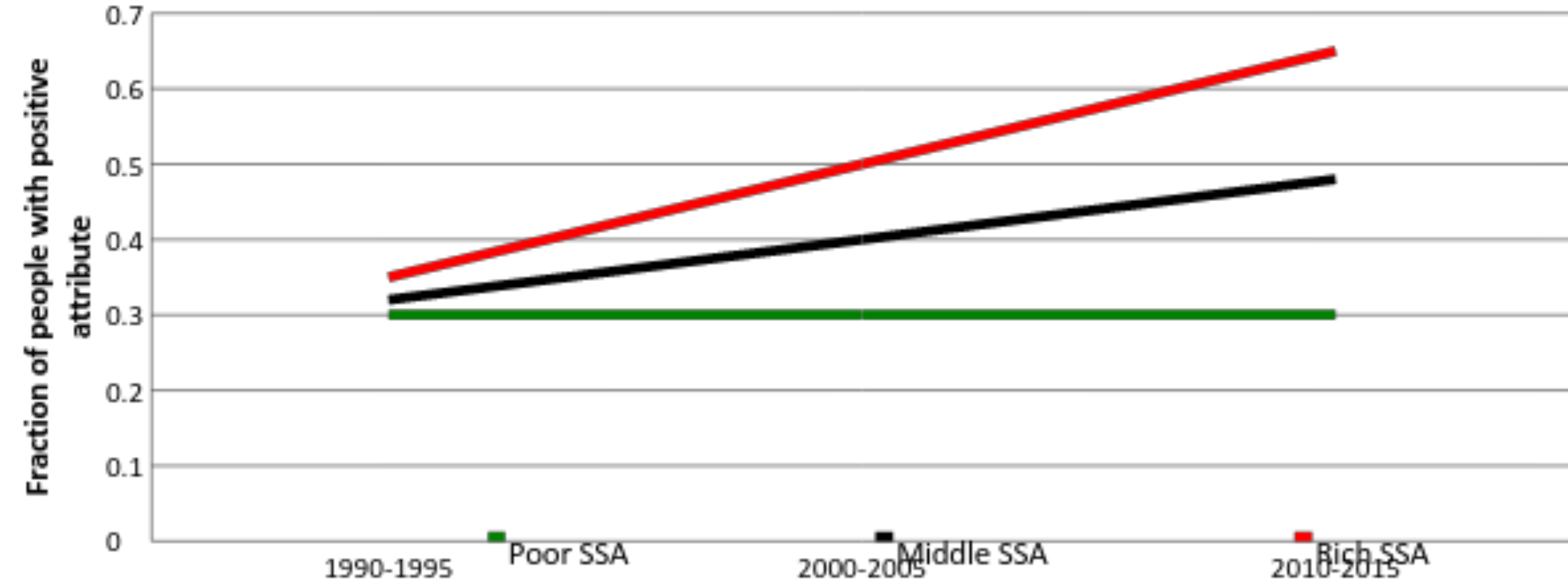
Labor force participation



# Distributional effects: within country gains or stagnation

- Fertility decline
  - Fertility regulation
- Capacity building
  - education
- Employment
  - Female labor force participation
  - Youth employment

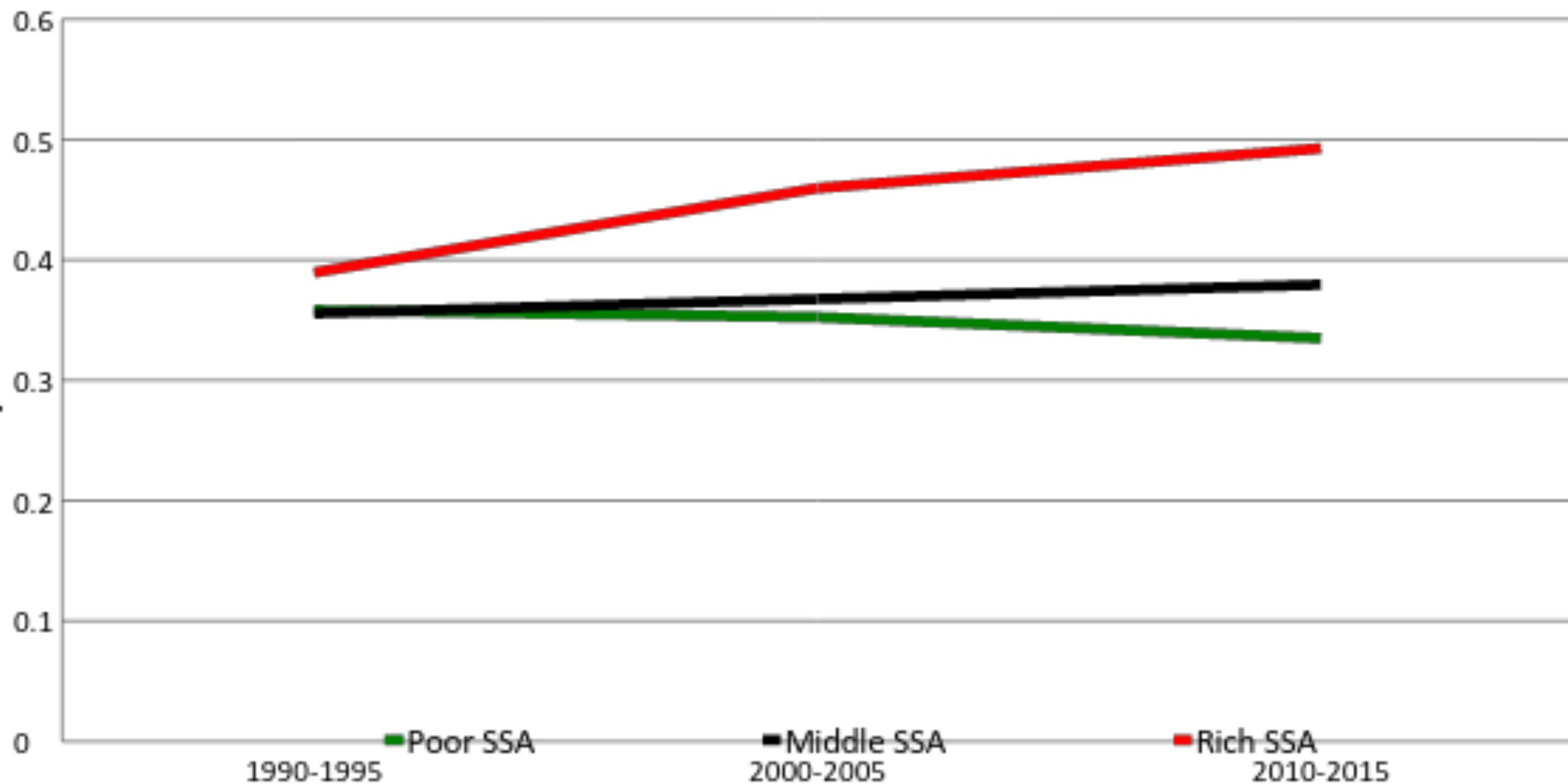
# Stylized Decomposition



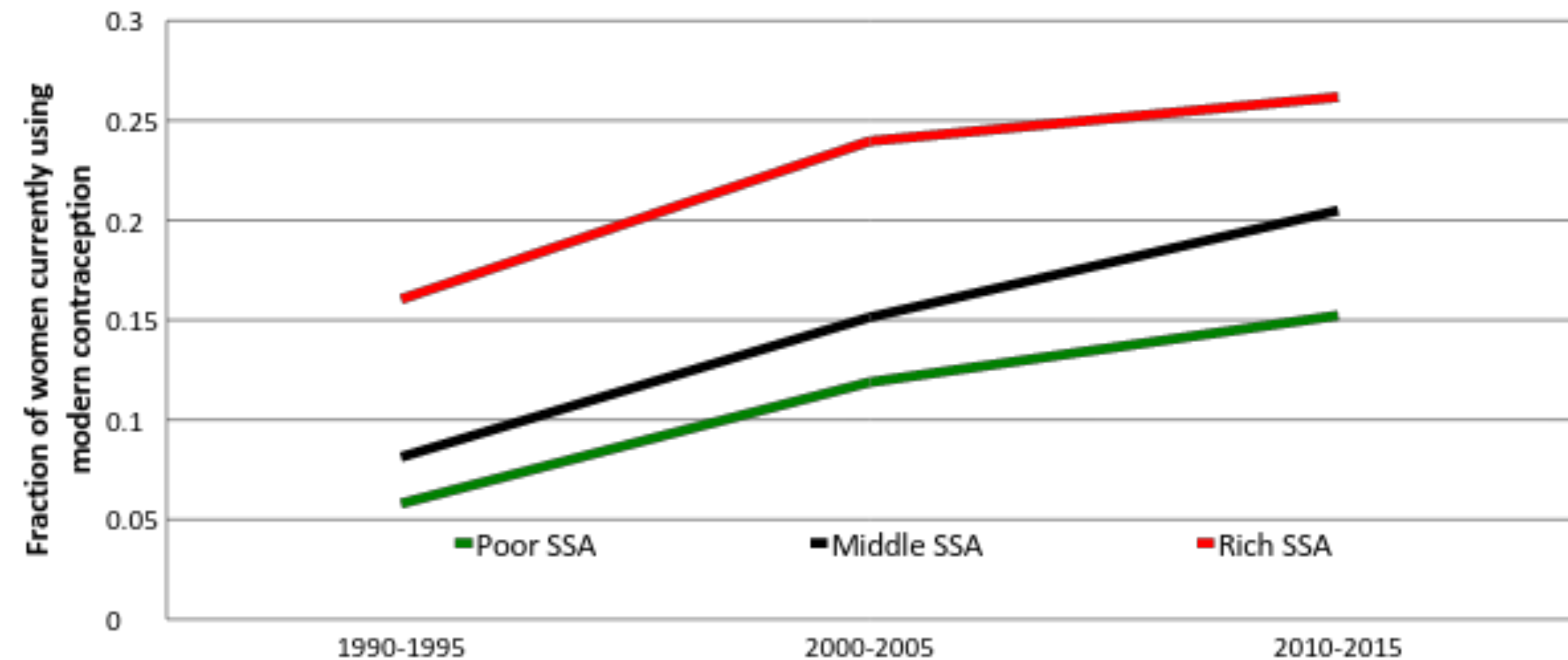
SSA = Cameroon, Malawi\*, Mali, Namibia, Nigeria, Rwanda, Senegal, Uganda, Zimbabwe. Countries that are represented in the Demographic and Health Surveys in all three year-blocks.

# Fertility: First birth >19

Fraction of women who had first birth  
>19 years old

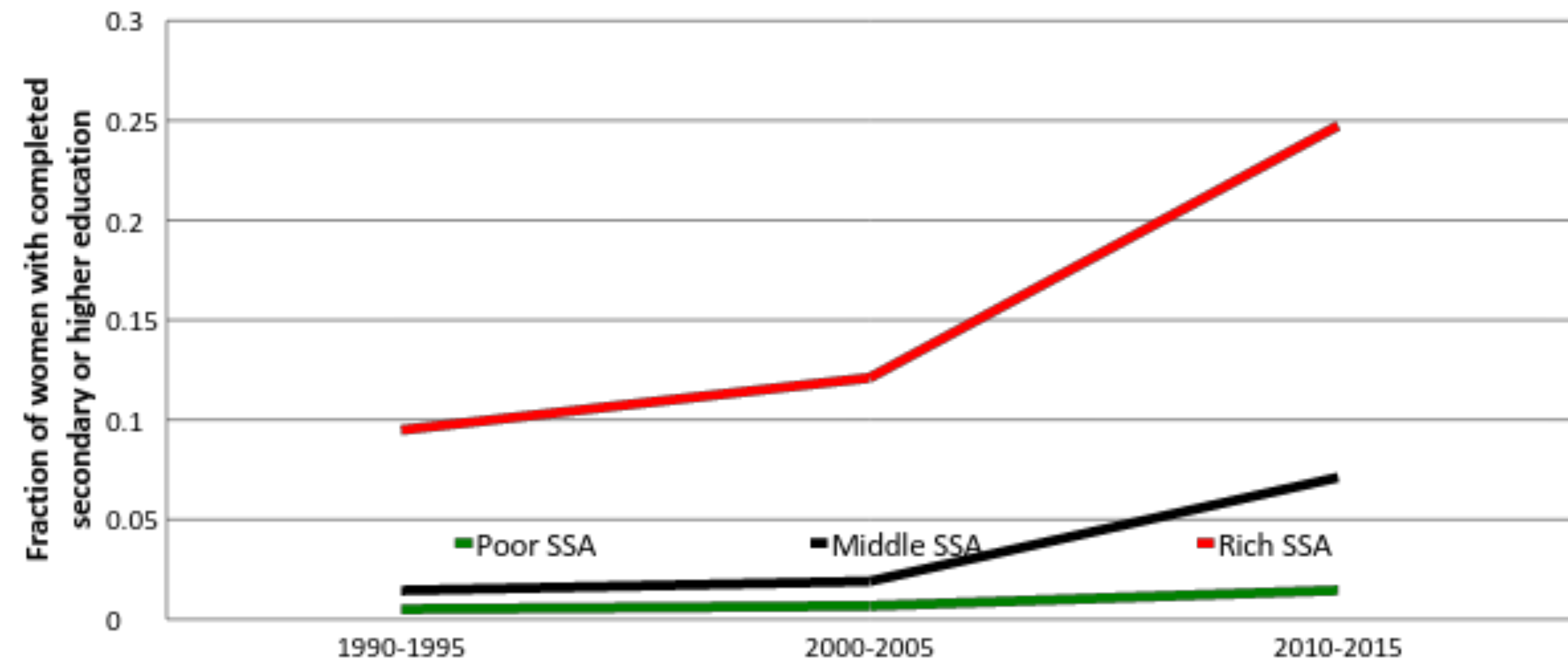


# Family Planning: Currently using modern contraception

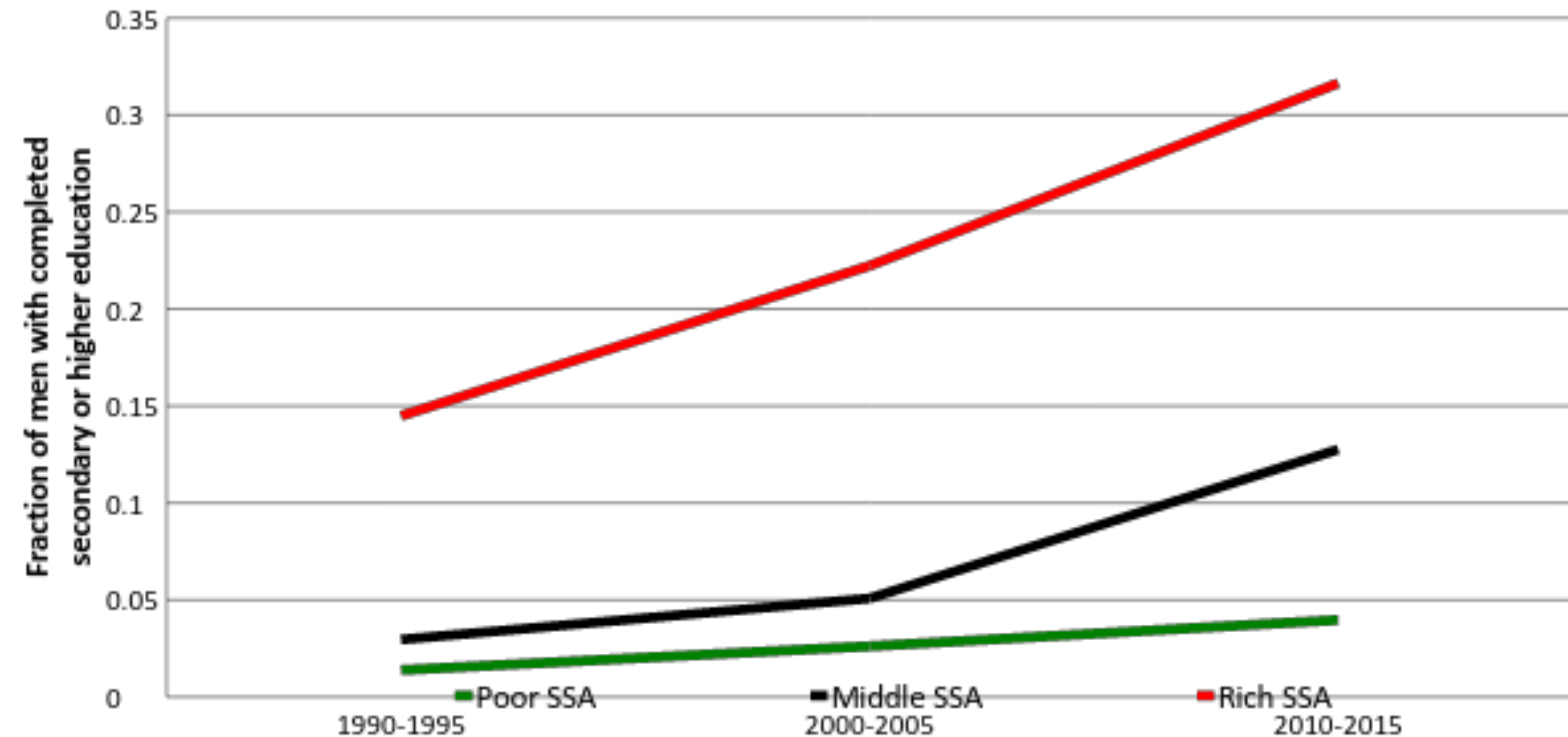




# Capacity Building: Women with higher education



# Capacity Building: Men with higher education



# Sharing the dividend

- The rich outpace the poor
- But can the poor be pulled up with the rich
- Rising inequality