

How Can Sub-Saharan Africa Harness the Demographic Dividend?

Regional Economic Outlook for Sub-Saharan
Africa

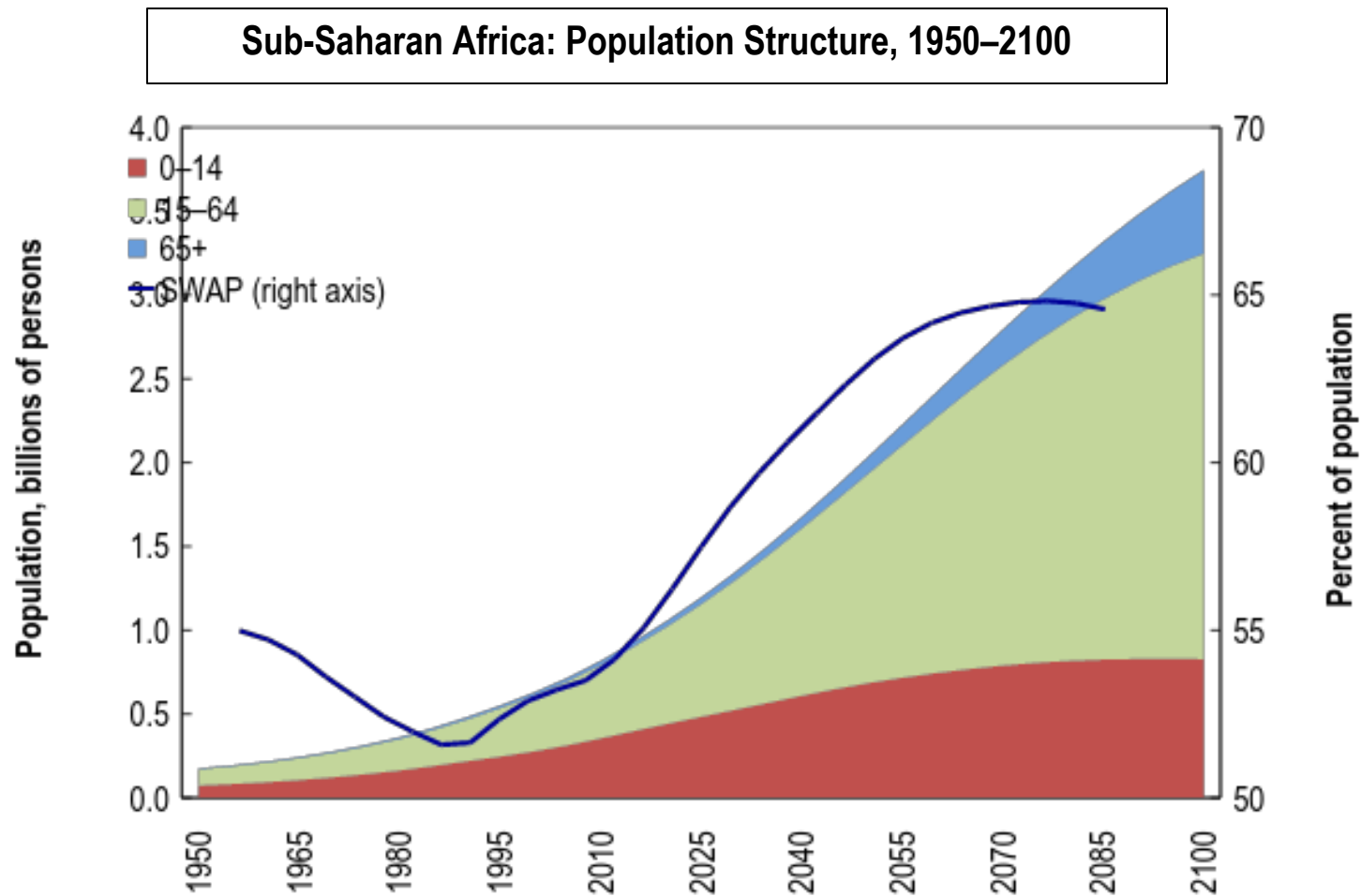
African Department
International Monetary Fund
April 2015



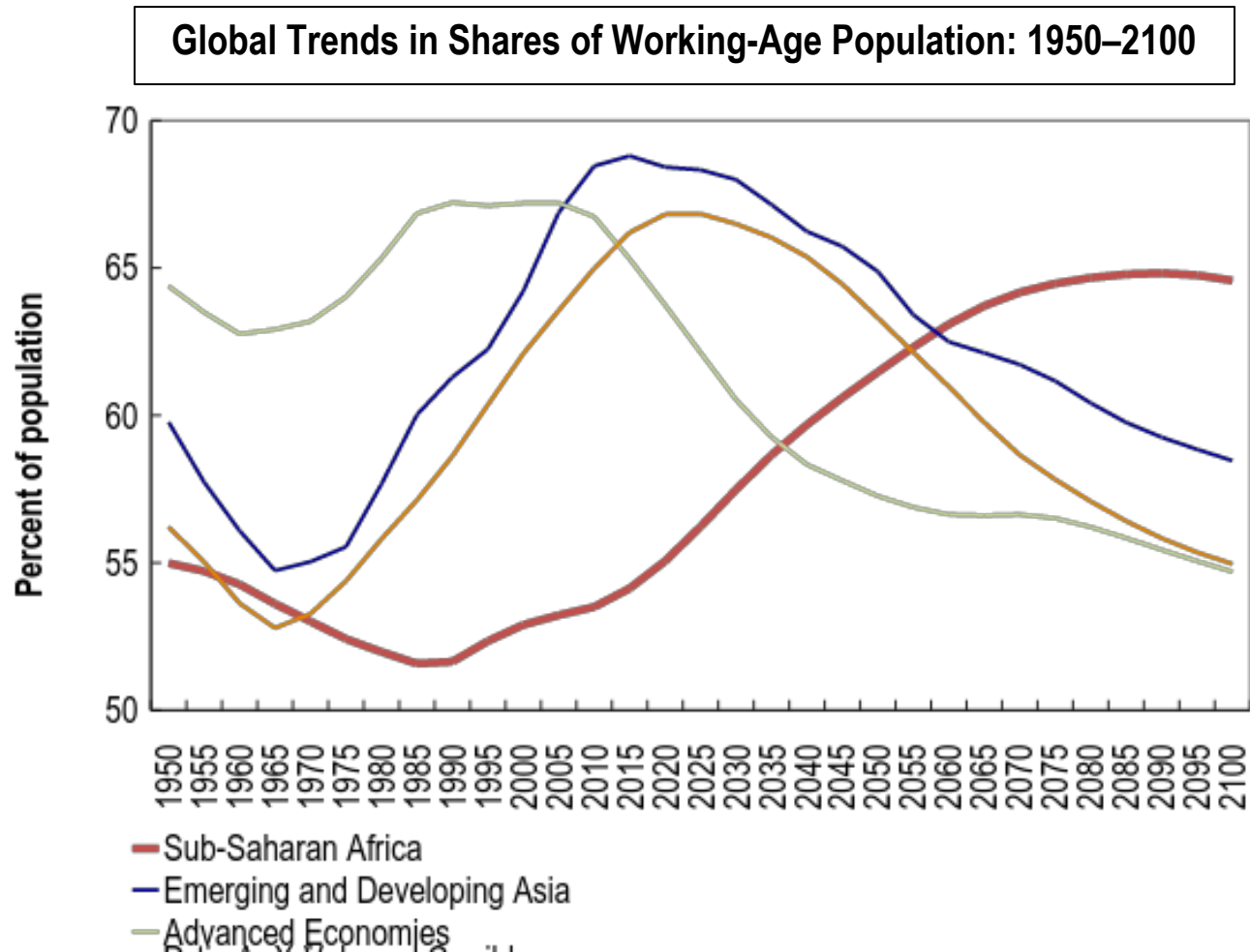


- Sub-Saharan Africa's demographic transition
- Opportunities it provides
- How to realize the demographic dividend

Sub-Saharan Africa is undergoing a demographic transition.



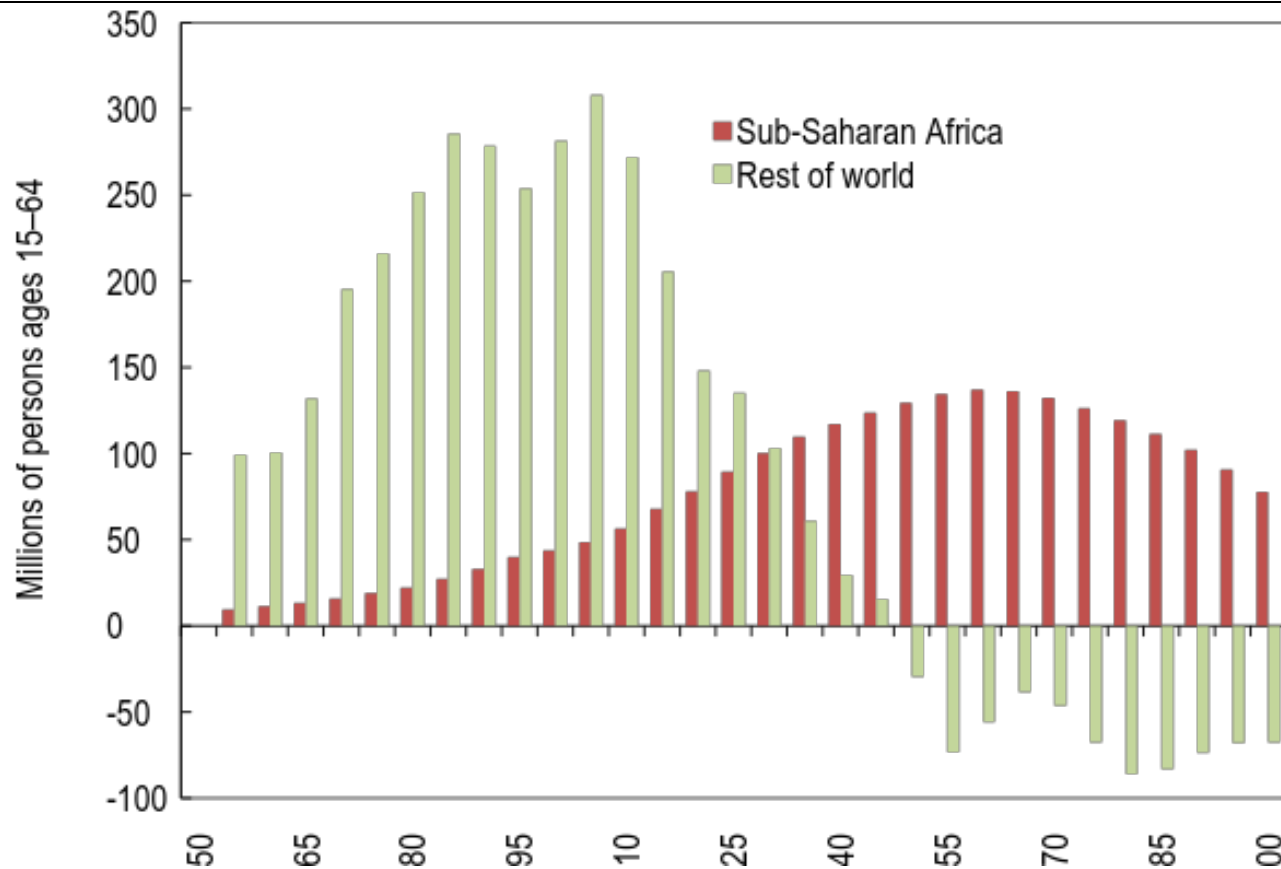
This transition, which is peaking in much of the rest of the world, is still nascent in sub-Saharan Africa.



By 2035, sub-Saharan Africa will exceed the rest of the world in terms of its increase in working age population...



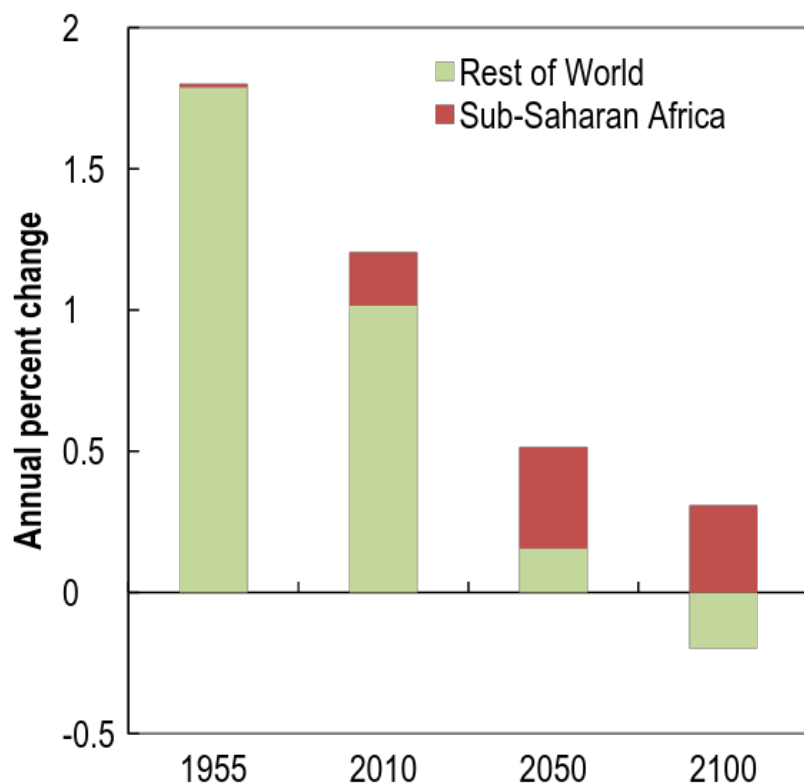
Change in Global Working Age Population: Sub-Saharan Africa and the Rest of the World



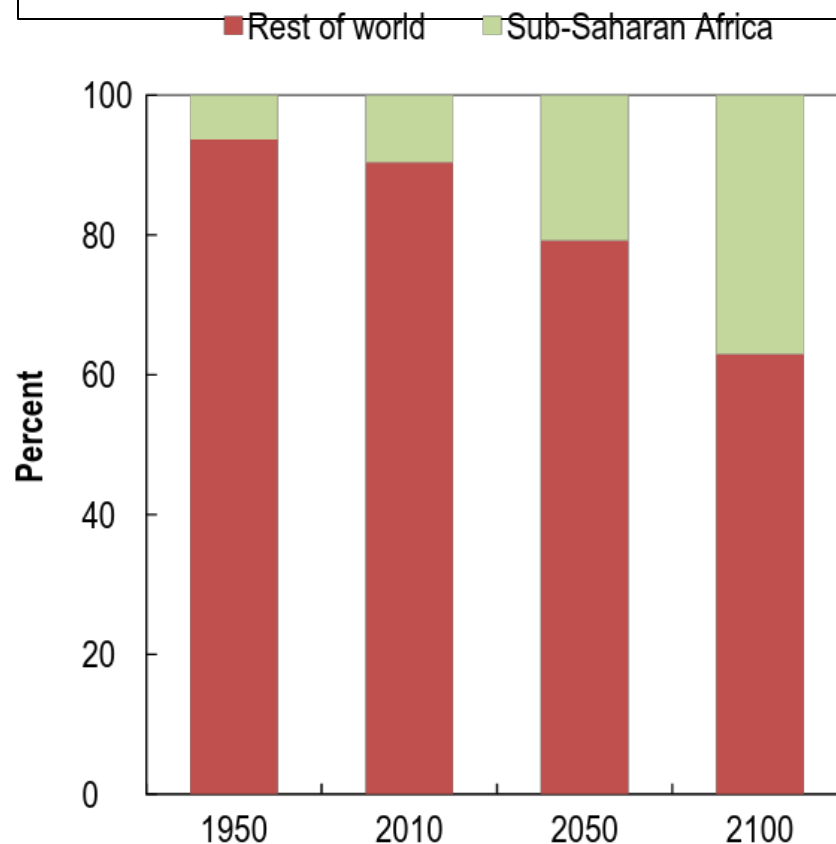
...accounting for an increasing share of global population growth and labor force.



Sub-Saharan Africa: Contribution to Global Population Growth



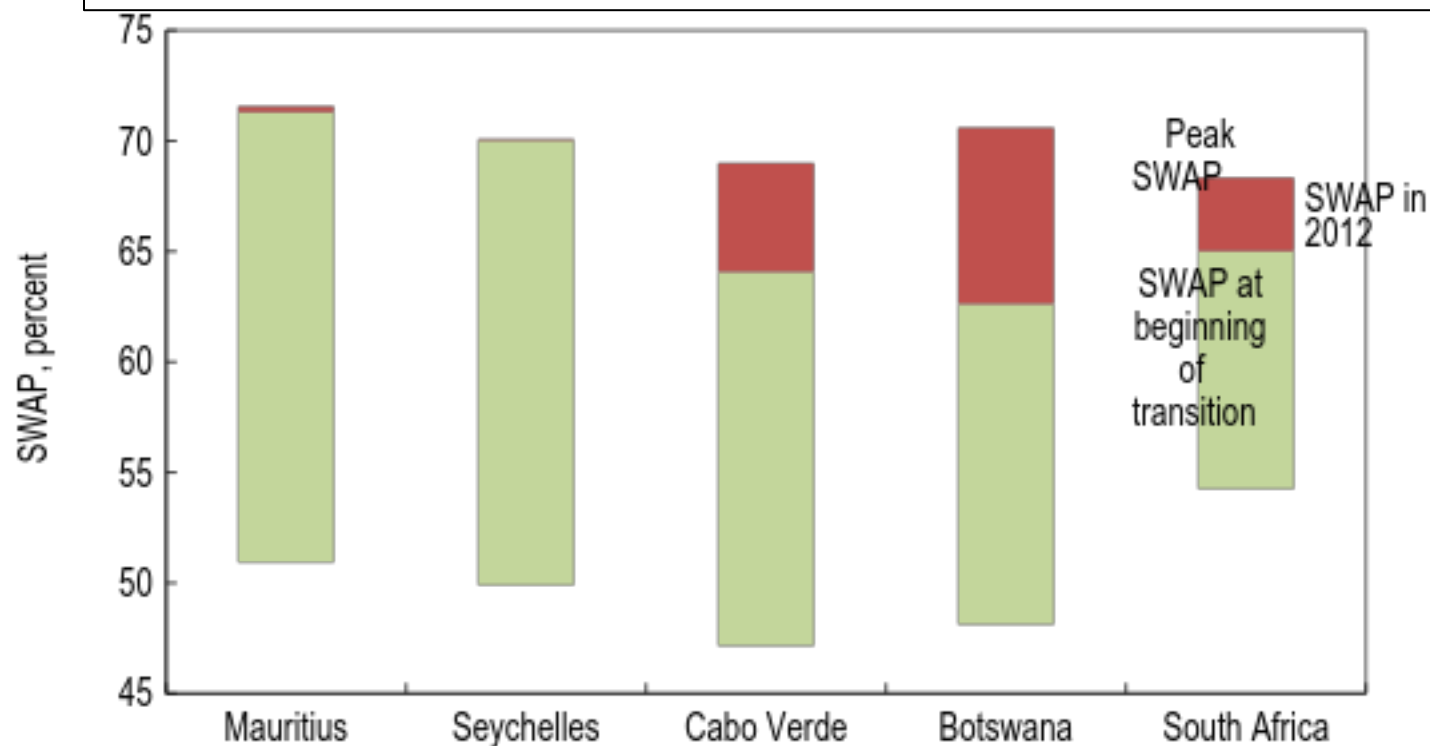
Sub-Saharan Africa: Share of Global Labor Force



Demographic transition varies considerably across sub-Saharan Africa...



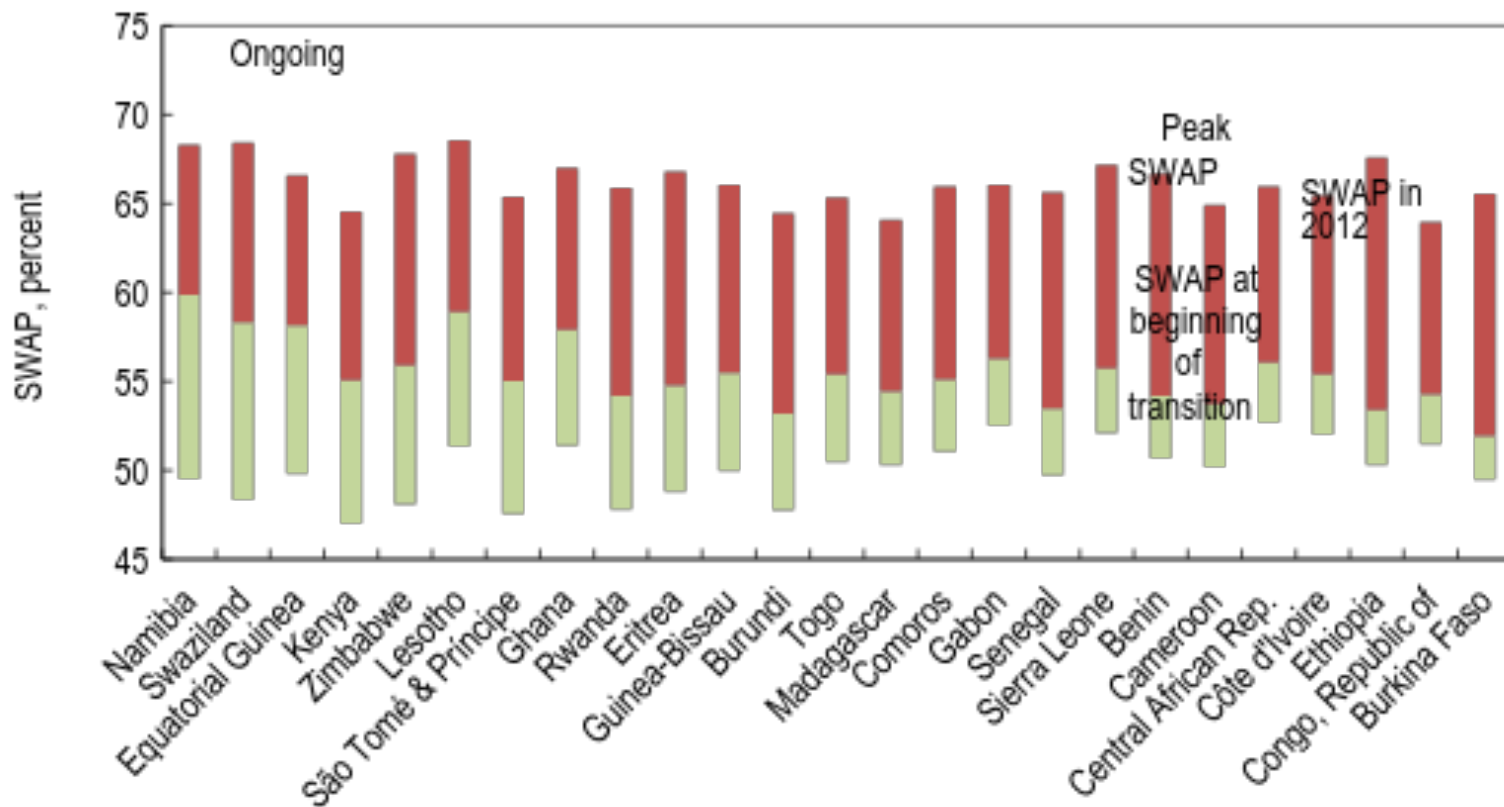
Evolution of Shares of Working-Age Population in Countries where Transition is Advanced



Demographic transition varies considerably across sub-Saharan Africa...



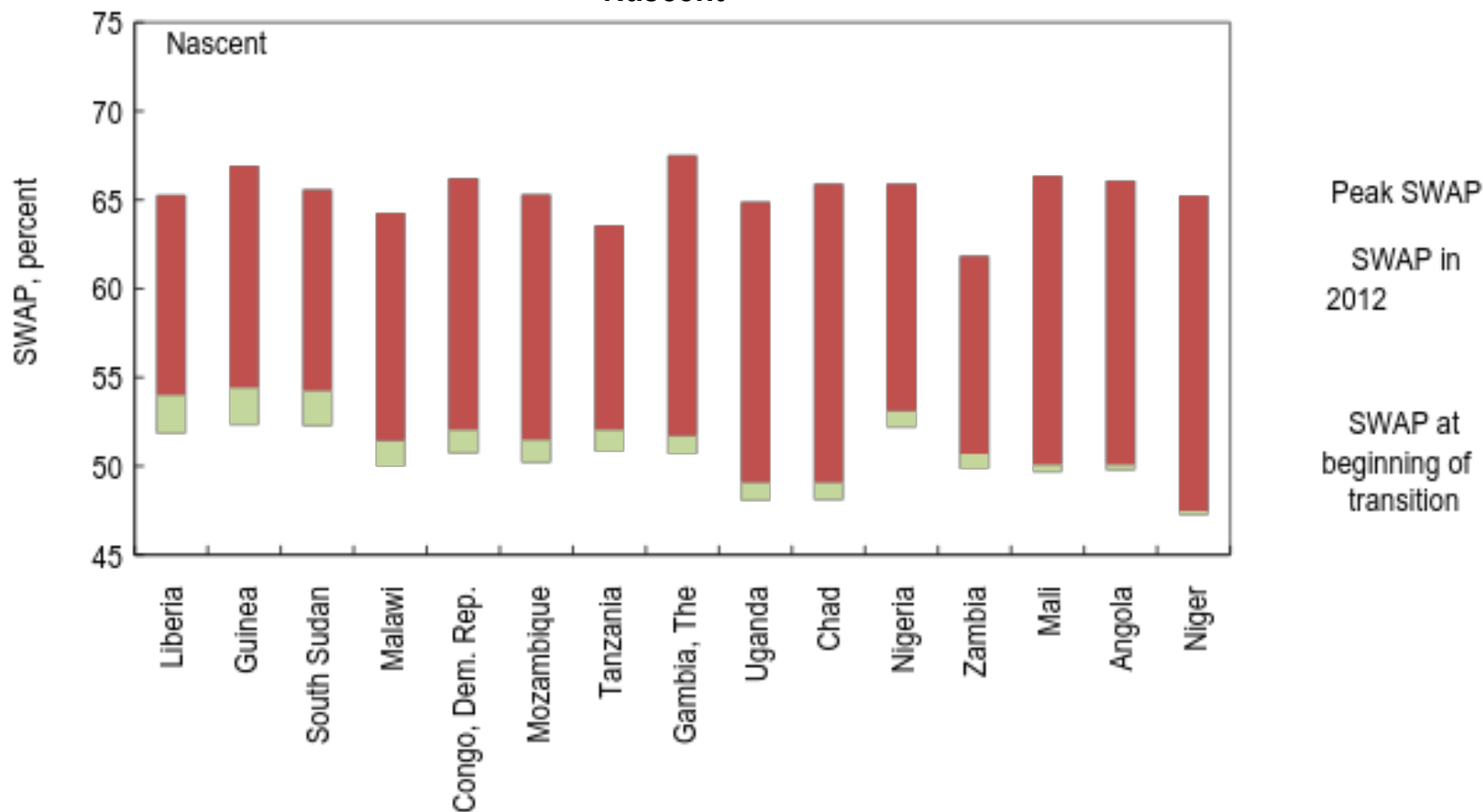
Evolution of Shares of Working-Age Population in Countries where Transition is Ongoing



Demographic transition varies considerably across sub-Saharan Africa...



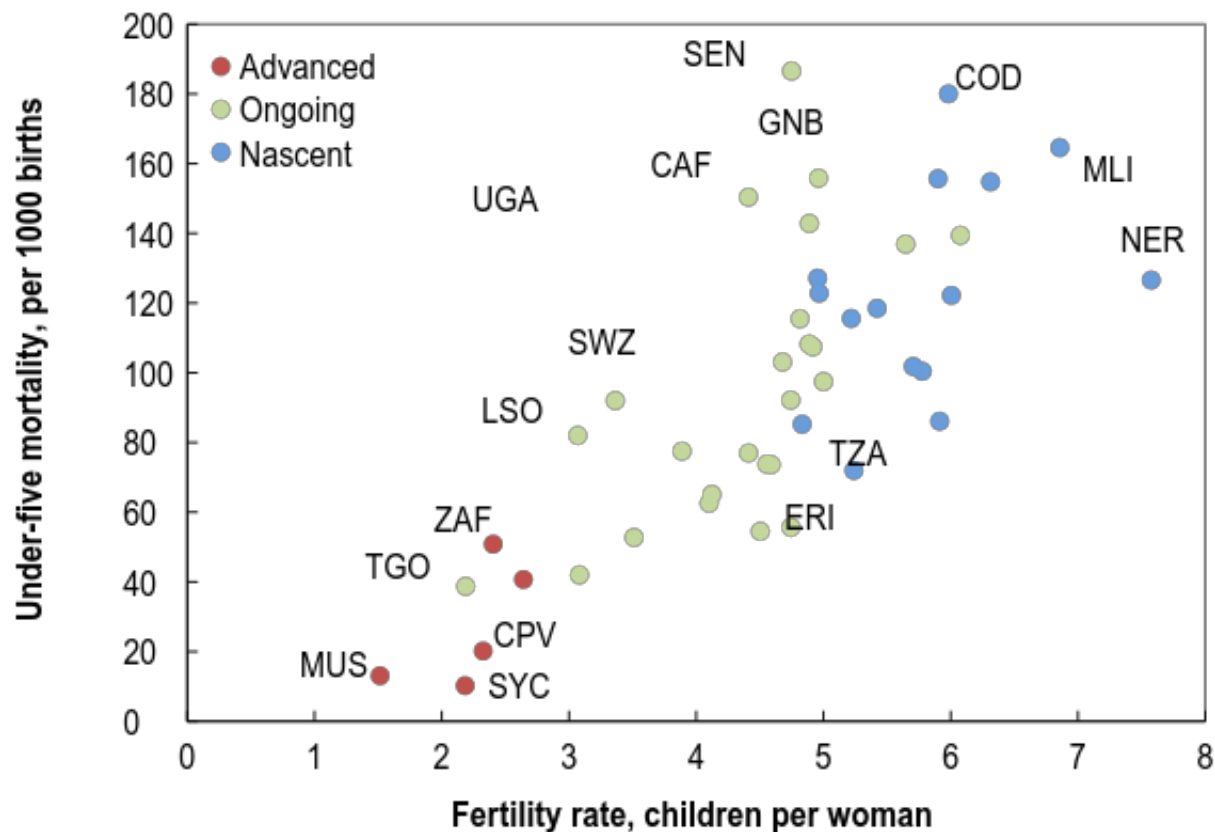
Evolution of Shares of Working-Age Population in Countries where Transition is Nascent



...driven by variations in fertility and mortality rates across countries.



Sub-Saharan Africa: Under-five Mortality and Fertility Rates, 2010–15



Transition presents both opportunities and challenges.



Channels and Opportunities	Challenges in SSA
<ul style="list-style-type: none">• Increase in labor force: larger output• Increase in female labor force participation rate: larger output and lower fertility• Improvement in human capital: higher productivity• Rise in savings: higher investment	<ul style="list-style-type: none">• Creating sufficient jobs• Continuing high fertility: potential to delay and reduce the size of benefits• Providing for larger population• Increasing productivity given large informal sector

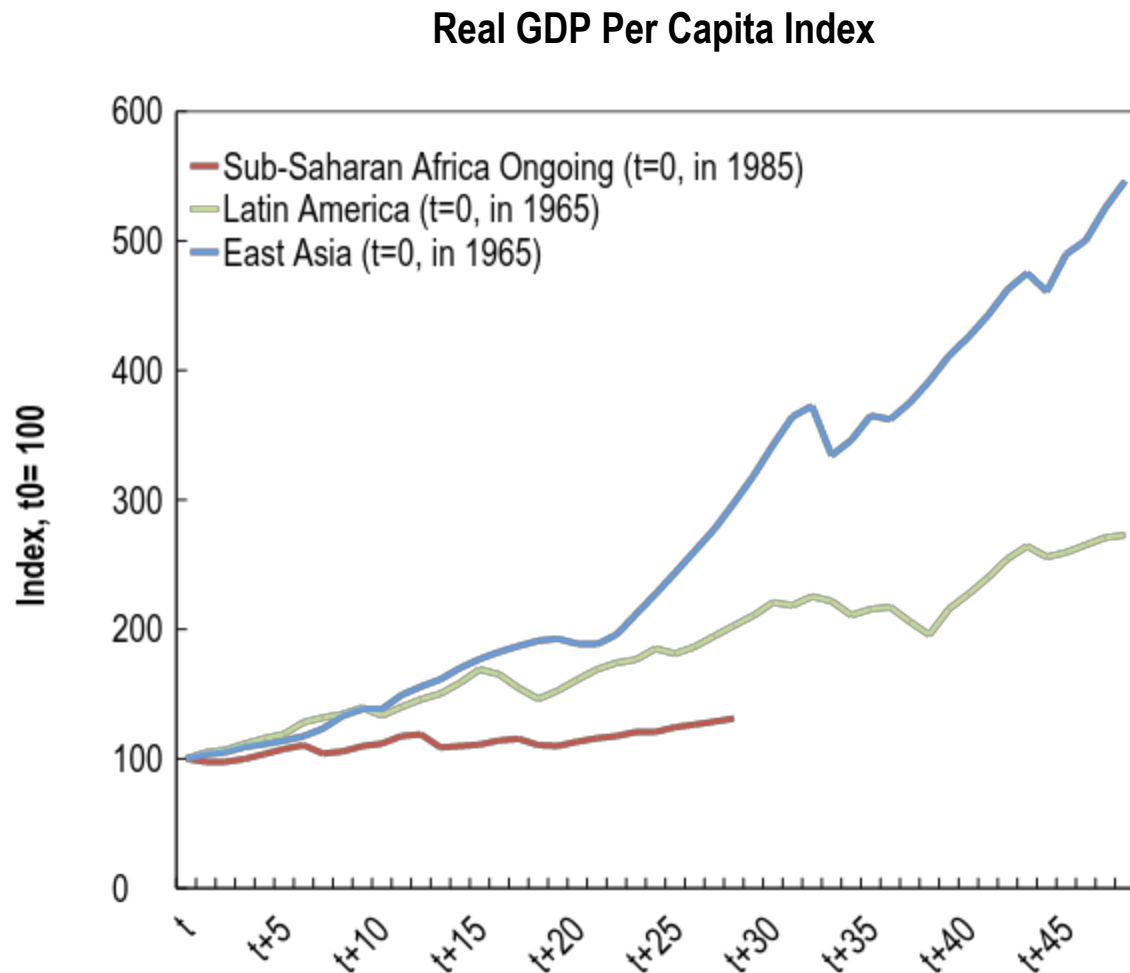
International Experience: Outcome depends on policies



Experiences of East Asia and Latin America suggest:

- Demographic dividend may not be automatic
- The speed of transition and policies determine the size of the demographic dividend

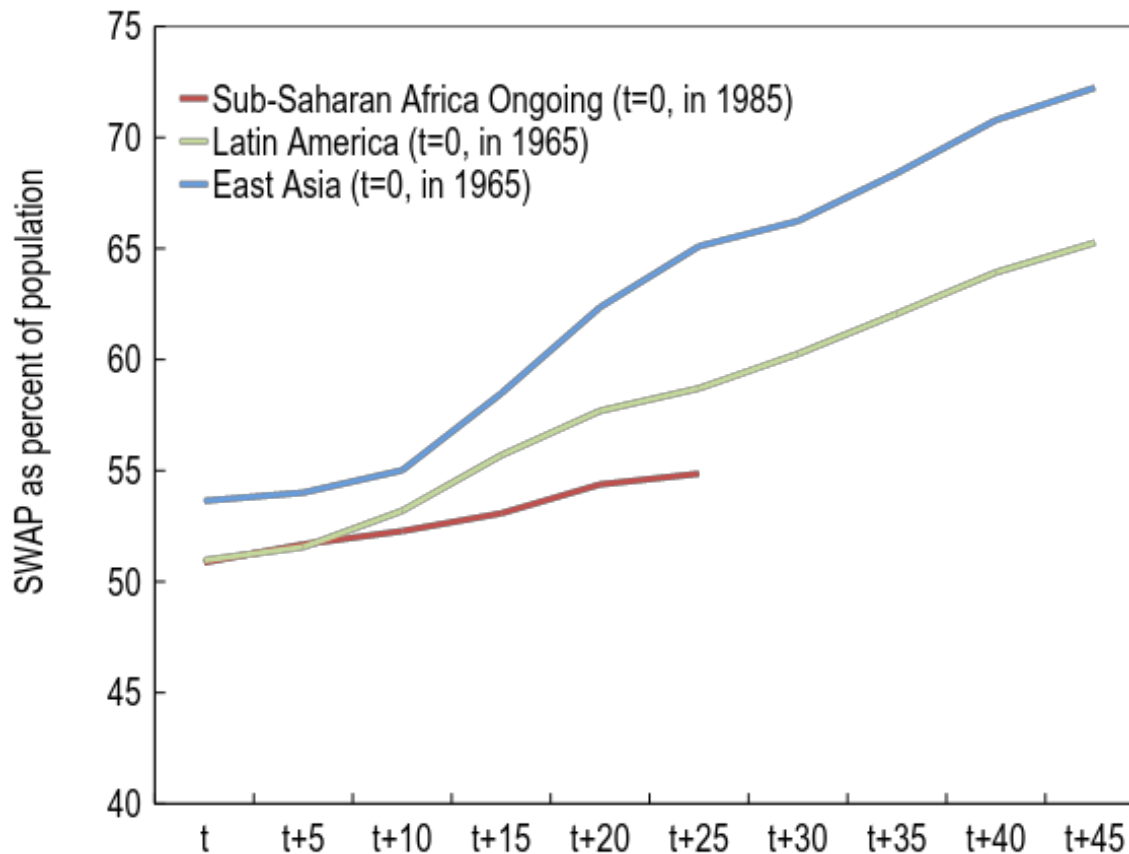
Sub-Saharan Africa's GDP per capita growth 25 years into the transition has been modest.



Slower growth in sub-Saharan Africa 25 years into the transition is a reflection of:



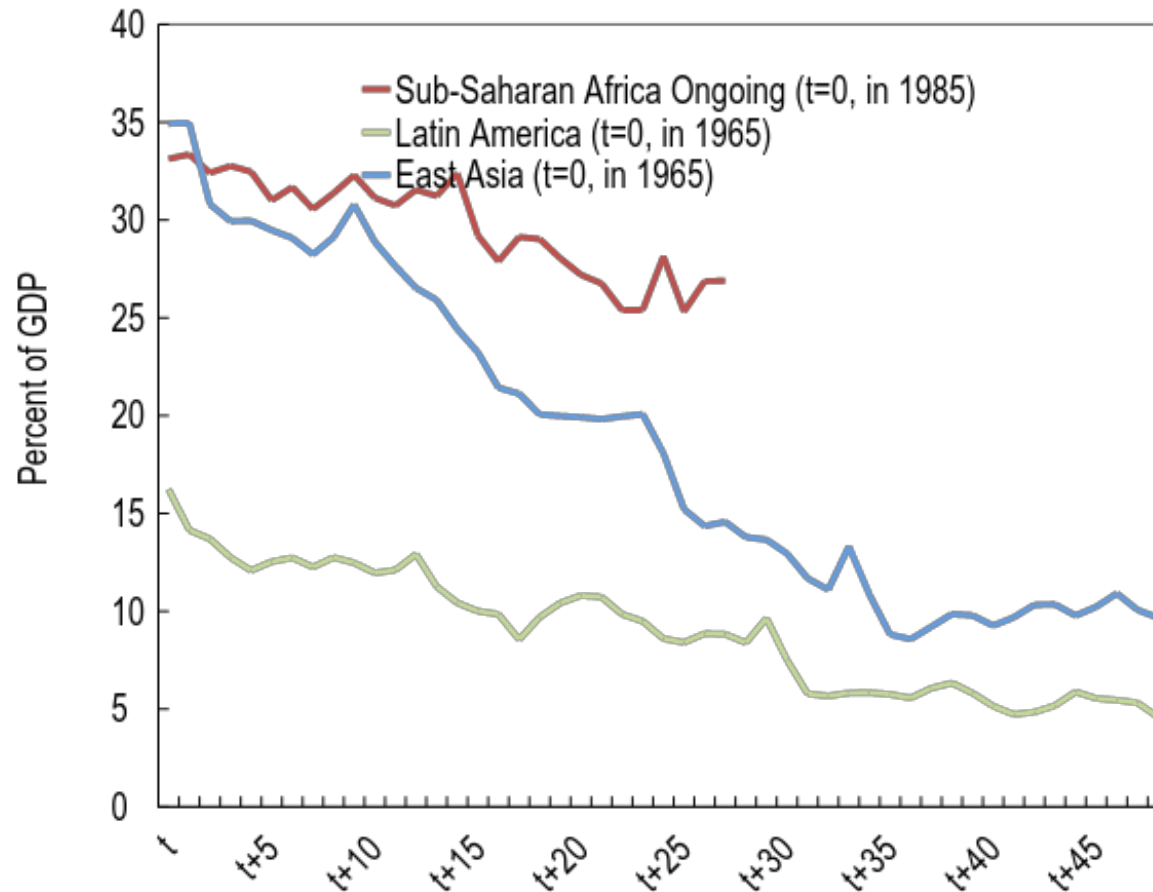
...slower demographic transition



Slower growth in sub-Saharan Africa 25 years into the transition is a reflection of:



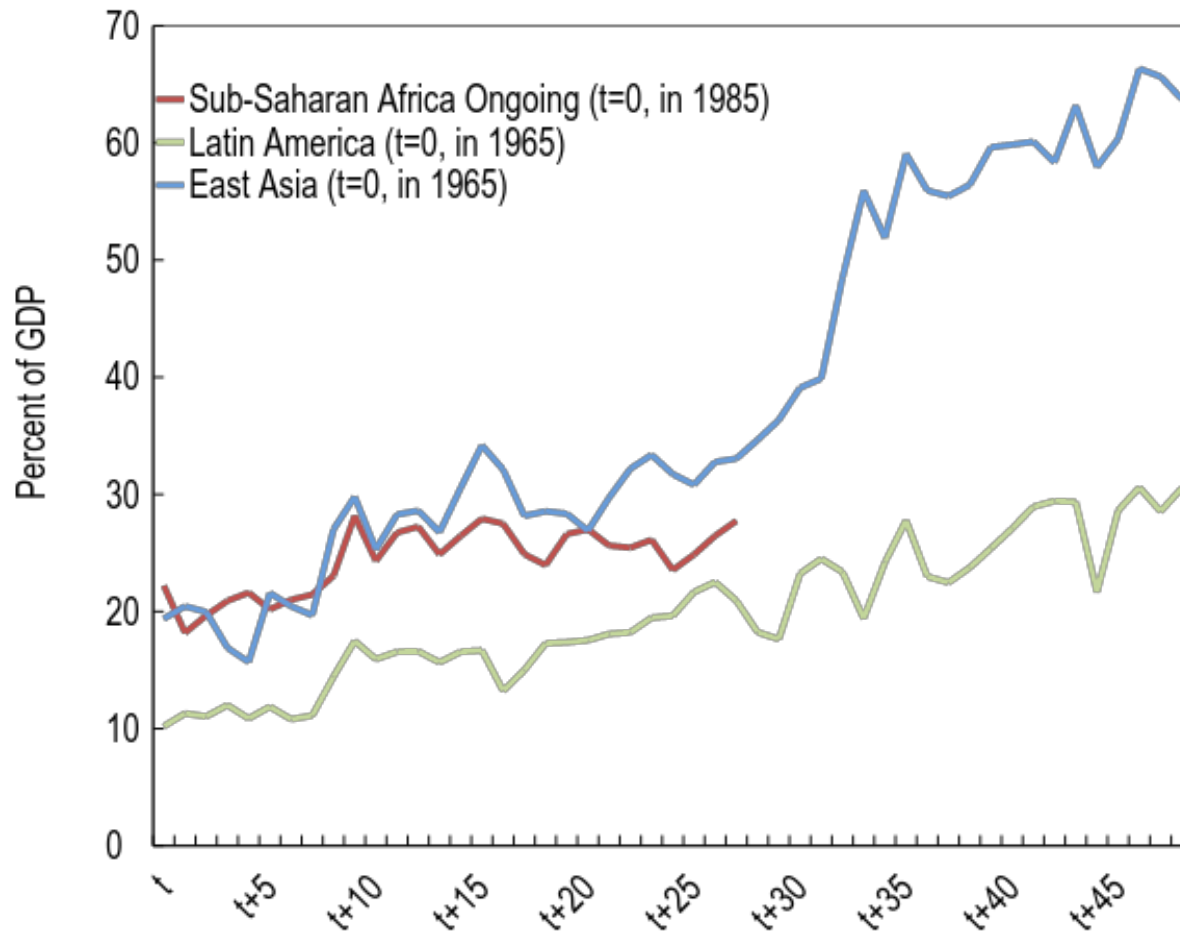
...still high share of agriculture



Slower growth in sub-Saharan Africa 25 years into the transition a reflection of:



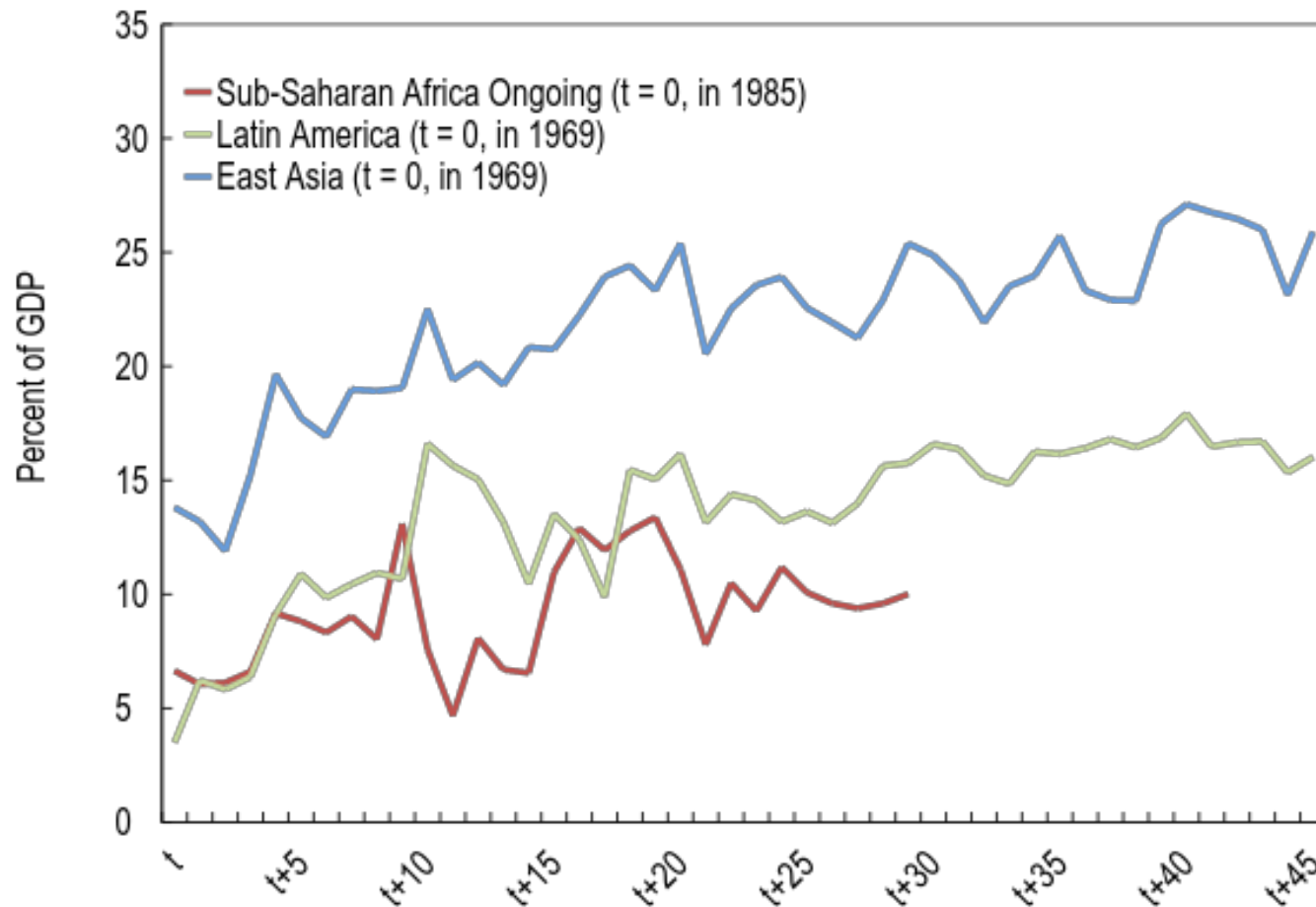
... slower increase in exports



Slower growth in sub-Saharan Africa 25 years into the transition is a reflection of:



... smaller increase in savings



Key policies for sub-Saharan Africa to realize the demographic dividend

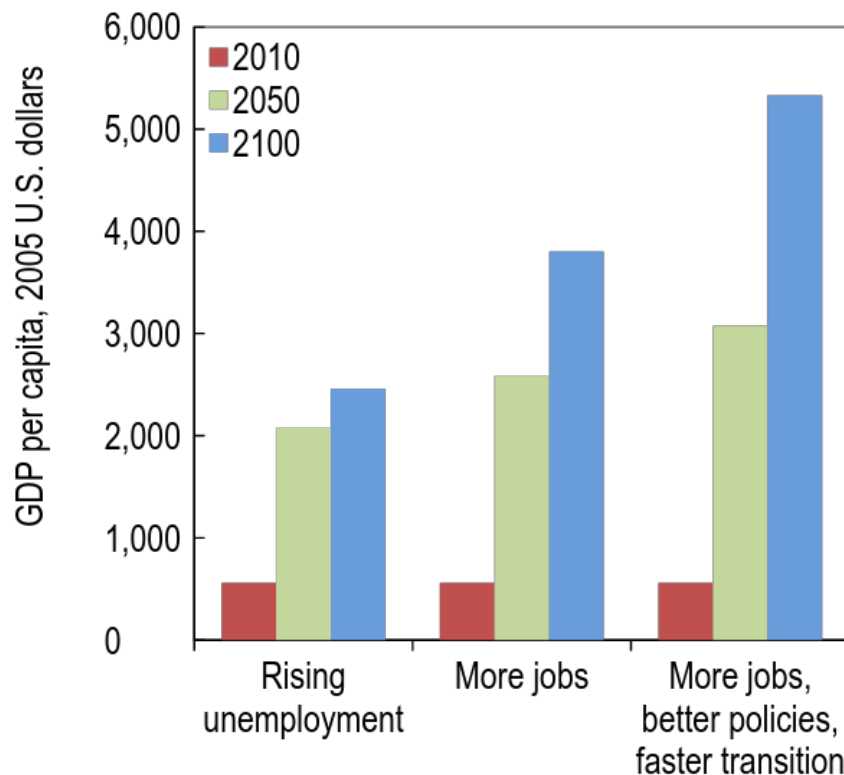


- Speeding up the demographic transition, particularly bringing down fertility
- Improving productivity by investing in human capital
- Creating jobs
- Furthering structural transformation
- Fostering trade
- Mobilizing and channeling savings into investment

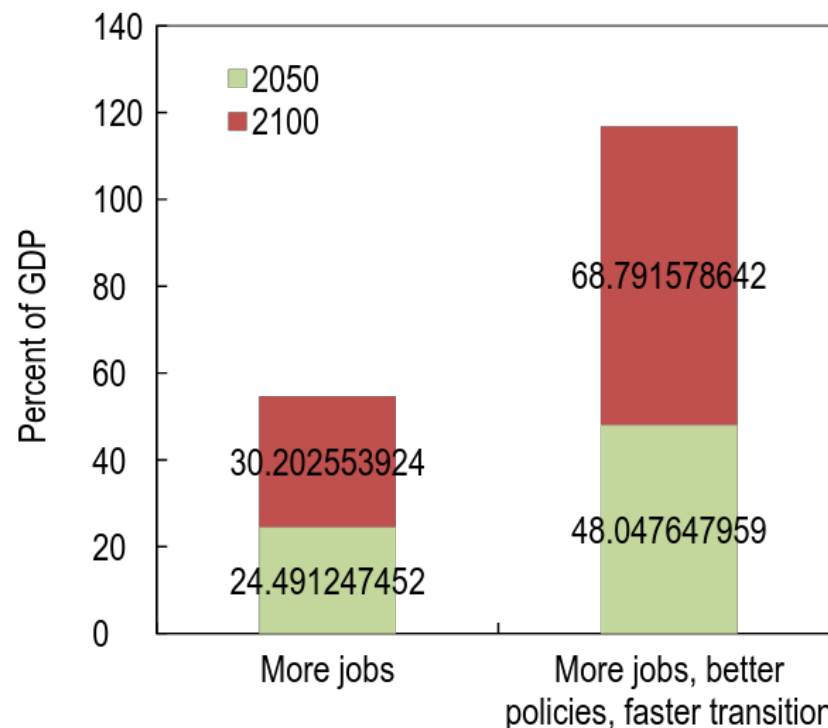
Potential magnitude of demographic dividend



GDP per capita under three scenarios

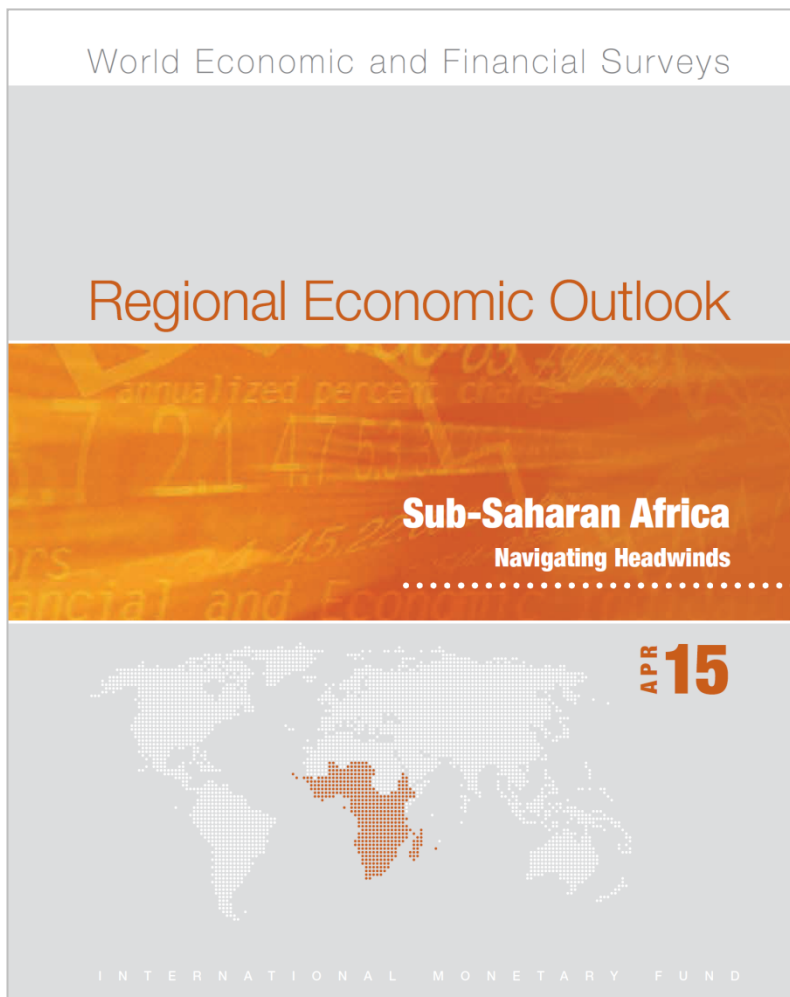


Dividend from improved policies





- Sub-Saharan Africa's demographic transition presents an opportunity to transform the region.
- The magnitude of the demographic dividend will depend on the speed of transformation and policies.
- However, failure to address challenges posed by the transition could result in significant economic and social costs.



Thank You!

The online edition of the
Regional Economic Outlook
for sub-Saharan Africa
is now available at
www.imf.org