

10 THINGS YOU SHOULD KNOW ABOUT FAMILY PLANNING AND THE DEMOGRAPHIC DIVIDEND

1 WHAT IS THE DEMOGRAPHIC DIVIDEND?

The demographic dividend is the economic growth that may result from changes to a country's age structure.¹ The shifts in age structure are driven by a transition from people living short lives and having large families to living long lives and having small families.

These changes can usher in better living standards for families and higher incomes per person, assuming that the right policies are in place. In particular, the expansion of employment opportunities, combined with fewer dependent children and elderly compared to a growing working-age population increases incomes per person and spurs a country's total economic growth.

2 WHAT DOES FAMILY PLANNING HAVE TO DO WITH THE DEMOGRAPHIC DIVIDEND?

Long-term fertility decline is the most important factor for accelerating and amplifying the demographic dividend. This is because declining fertility opens the window of opportunity for the dividend. Access to voluntary, rights-based family planning coupled with improved health and lowered desired family size leads to fewer children, and a growing share of working-age adults.

3 HOW DO YOU KNOW IF A COUNTRY IS POISED TO ACHIEVE THE DEMOGRAPHIC DIVIDEND?

An important way of identifying the window of opportunity for the dividend is the shift in age structure that comes with investments in family planning. This demographic transition,

along with educational and economic investment that create jobs for the growing working-age population can help usher in the opportunity to capitalize on the dividend. Because the size of this dividend depends on how fast the support ratio—the proportion of working people to non-workers—increases, it is essential that educational and economic opportunities for women and youth are part of the equation.

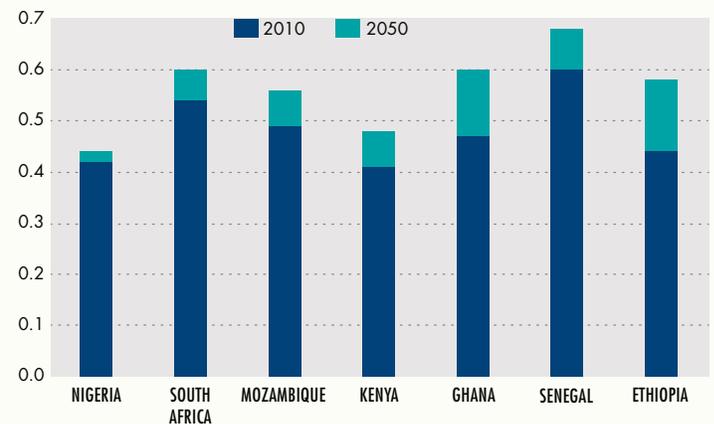
4 HOW DOES EMPOWERING WOMEN AND GIRLS CONTRIBUTE TO THE DEMOGRAPHIC DIVIDEND?

Women and girls are 50 percent of the world's population, so empowering them is essential for achieving the demographic dividend. When women and girls have equal access to education, economic opportunities, and rights, countries benefit from increased development and economic growth.²

Increased access to family planning and reproductive health services support women's social and economic well-being. Teenage girls who have access to family planning are more likely to stay in school, giving them better opportunities to obtain a secure income and fully contribute to a country's economic growth. In turn, well-educated women with access to family planning often choose to have fewer children than their less-educated counterparts.³ On an aggregate level, this lowers overall fertility in a country and opens the demographic window.



SUPPORT RATIOS IN SUB-SAHARAN AFRICA



Source: Adapted from Lee, R D and A Mason. 2013. "Population Change and Economic Growth in Africa." National Transfer Accounts Bulletin 6. Honolulu, Hawai'i: National Transfer Accounts.

5 HOW CAN INVESTMENTS IN YOUTH CONTRIBUTE TO THE DEMOGRAPHIC DIVIDEND?

An estimated 43 percent of people around the globe are under the age of 25. This means that countries will have large numbers of people entering the workforce each year. Investing in young people, through education and by providing access to family planning, is critical for seizing the demographic dividend.

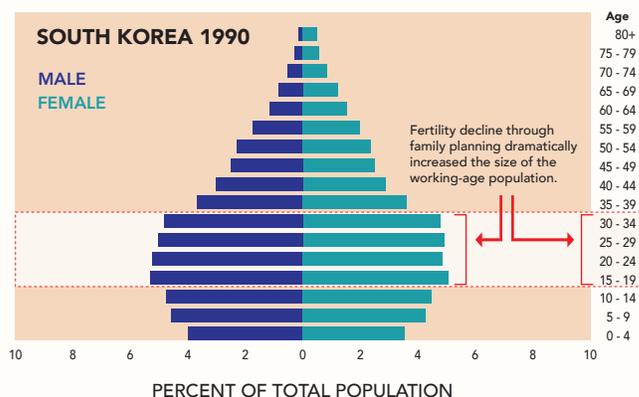
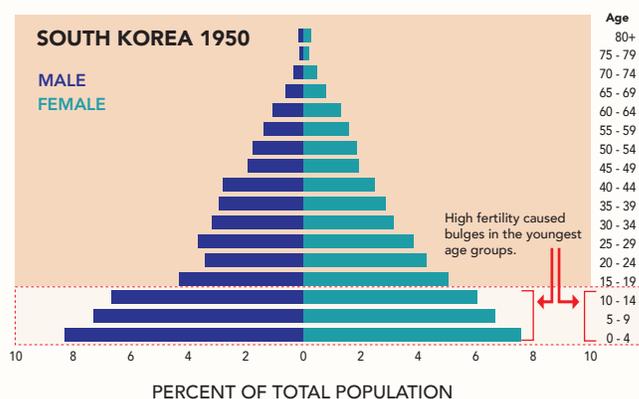
Given that young people represent the largest share of the population in most African countries, employing this large, young working-age population depends on an enabling environment, particularly economic policies (trade and labor) and good governance. Governments can create new jobs through diversifying industry, and encourage young people's success in the labor force by supporting programs that allow a smooth transition into employment.⁴

Economic and job creation policies are one side of the coin and investing in young people's access to sexual and reproductive health is the other. These investments in education and access to services must reach youth before they reach working age. This is especially important for girls—access to family planning and reproductive health is critical for their full participation in the work force. Unplanned pregnancies that result from a lack of contraceptives can impede a woman's ability to support herself, with adolescent mothers half as likely as adult mothers to earn a salary. Therefore, providing access to family planning would help spur economic growth and reduce unemployment.

6 WHICH COUNTRIES HAVE HAD A DEMOGRAPHIC DIVIDEND?

South Korea, Singapore, Taiwan and Thailand experienced spectacular economic growth during the second half of the 20th century, much of which was due to the demographic dividend.

The demographic transition occurred very quickly in East Asia, thanks to dramatic improvements in public health and access to family planning. Moreover, government efforts to combat gender discrimination, coupled with delayed marriage and childbearing, enabled more women to work outside of the home.^{5,6} Over time, incomes rose substantially. Between one-fourth and one-third of the increase in per-capita income in the region is attributed to the demographic dividend.^{7,8}



SOURCE: United Nations Population Division. 2013. World Population Prospects: the 2012 Revision. New York: UN Population Division

7 WHAT ARE THE BARRIERS TO ACHIEVING THE DEMOGRAPHIC DIVIDEND IN SUB-SAHARAN AFRICA?

Despite the fact that mortality has declined substantially, women in sub-Saharan Africa currently have more than 5 children on average, representing a modest decrease from the average of 6.5 children that they had in the 1950s.⁹ As a result, the share of the economically active population has barely expanded. Compared to Latin America and Asia, a slower pace of fertility decline has characterized sub-Saharan Africa, with stalls and even reversals along the way.¹⁰

In fact, of 22 countries where recent survey data is available, 10 are transitioning toward lower childbearing while 12 are currently experiencing fertility stalls.¹¹ Therefore, the expectation that fertility will steadily decline in Africa, as the U.N. projects, will not hold without concerted policy and program effort.

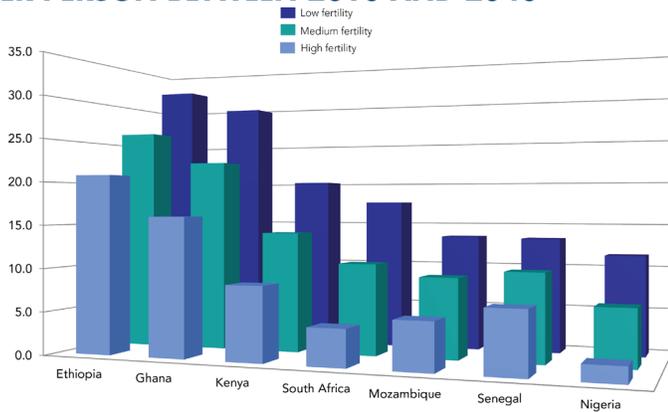
Another important barrier to a robust dividend is low employment rates and earnings for young adults in sub-Saharan

Africa. Countries like Nigeria, Kenya and South Africa have very low economic contributions from youth. This makes their high population share very costly, which is reflected in their low support ratios.¹² Poor employment opportunities for young people and low formal female labor force participation are some of the important reasons for low levels of labor income among African youth.

8 WHAT OPPORTUNITIES DO COUNTRIES HAVE WITH THE DEMOGRAPHIC DIVIDEND?

The growth in income per person could be substantial in Africa if countries are able to achieve the demographic dividend. A rate of fertility decline that follows the United Nations medium fertility variant—the most likely future path—could boost per-person income by 6.5 percent in Nigeria to almost 27 percent in Ethiopia by 2040. Stronger investments in family planning and reproductive health programs could further accelerate fertility declines, leading to an even greater cumulative income boost and a larger dividend.¹³

CUMULATIVE PERCENTAGE INCREASE IN INCOME PER PERSON BETWEEN 2010 AND 2040

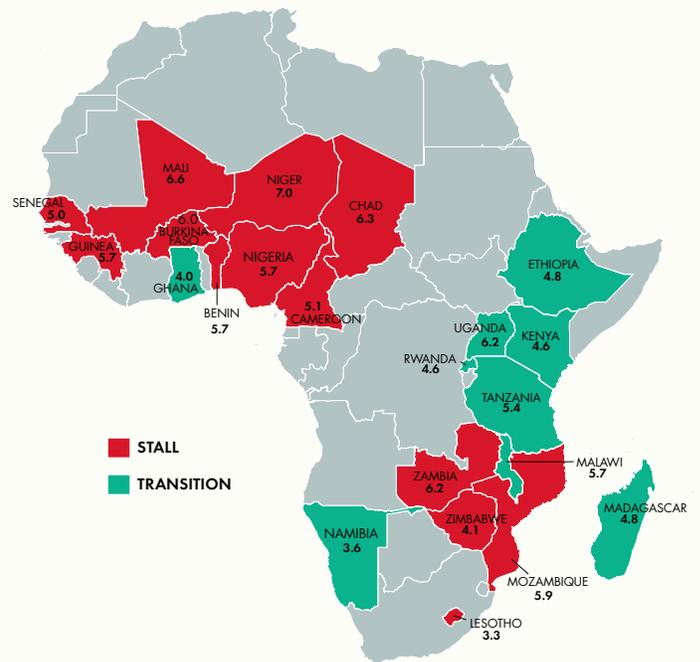


Adapted from Lee, R D and A Mason. 2013. National Transfer Accounts Database. Honolulu, Hawaii: National Transfer Accounts.

9 ARE DONORS AND GOVERNMENTS PROVIDING FAMILY PLANNING RESOURCES TO MAKE THE DEMOGRAPHIC DIVIDEND POSSIBLE?

Donors and country governments are not providing enough funding to satisfy needs. According to the latest estimates, more than \$12.6 billion was needed for family planning and sexual and reproductive health in sub-Saharan Africa in 2011.¹⁴ According to the Program of Action of the International

FAMILY SIZES IN SELECT COUNTRIES OF SUB-SAHARAN AFRICA



SOURCE: Leahy Madsen, E. 2013. "Why Has the Demographic Transition Stalled in Sub-Saharan Africa?" New Security Beat Blog. <http://www.newsecuritybeat.org/2013/08/demographic-transition-stalled-sub-saharan-africa/#.Ukm5N4akqJg>. Accessed 10 September 2013.
 DATA SOURCE: MEASURE DHS, STATCompler.
 Leahy Madsen included countries with at least two surveys with an interval of less than 10 years. Most recent survey is no older than 2003. Stall threshold characterized as fertility decline less than .05 annually between two recent surveys.

Conference on Population and Development, on average, donors are expected to provide one-third of the estimated cost through development assistance with two-thirds of expenditures financed by countries themselves. The donor share for sub-Saharan Africa is \$4.2 billion, with \$8.3 billion expected from domestic resources.¹⁵ This funding should support a policy environment that promotes equitable access to family planning through comprehensive sexuality education programs and outreach to marginalized communities.

Table 3. Donor Funding Gap for Sexual and Reproductive Health in sub Saharan Africa, 2011

Funding Needs	Actual Funding	Shortfall
\$4.2 billion	\$1.4 billion	\$2.8 billion

Donor funding for family planning and sexual and reproductive health in in sub-Saharan Africa totaled \$1.4 billion in 2011,¹⁶ representing a \$2.8 billion donor shortfall. Domestic

resources for population assistance—of which family planning and reproductive health are part—reached \$6.9 billion in the region in 2011. However, 95 percent, or more than \$6.5 billion, of these funds were spent on STD/HIV/AIDS interventions. The burden of paying for health services, including family planning, fell disproportionately on consumers, who bore half of all domestic spending in 2011.¹⁷

10 WHAT KINDS OF POLICIES AND PROGRAMS ARE KEY TO THE DEMOGRAPHIC DIVIDEND?

Changes in age structure and a decline in fertility are necessary for the demographic dividend. These changes do not happen automatically, but governments, donors and policymakers can set themselves up to seize the dividend through a series of forward-thinking policy and funding decisions:

- **Invest in family planning and reproductive health.** Governments must make the political and financial commitments needed to ensure voluntary family planning policies and programs are prioritized for and are equally accessible for all people, including adolescents.
- **Invest in women and girls.** Governments must make the political and financial commitments, in education, health, and labor, needed to promote gender equality and empower women and girls.
- **Invest in education.** Governments must invest in access to free, quality education at all levels that prepares young people—especially girls—to fully participate in the formal labor market.
- **Invest in economic policies.** Governments should prioritize policies that create jobs and decent work opportunities for youth, particularly girls.
- **Invest in good governance and fiscal policies.** Governments should prioritize reforms, such as transparency and tackling corruption, that encourage individual savings and attract foreign investment.

ENDNOTES

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