



## AFRICAN DEVELOPMENT BANK GROUP

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### Briefing Notes for AfDB's Long-Term Strategy

#### **Briefing Note 4: AFRICA'S DEMOGRAPHIC TRENDS<sup>1</sup>**

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# AFRICA'S DEMOGRAPHIC TRENDS

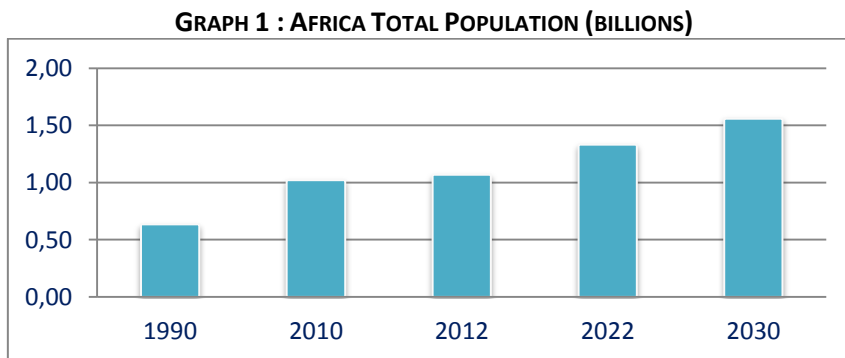
## I. INTRODUCTION

1.1 One of, if not the overriding objective of development is to improve the quality of life for all the people. Populations are therefore at the core of development. Understanding demographic trends provides policy-makers with the tools to design interventions that lead to development by for example targeting social sectors (health, education and labor) and providing tailored infrastructure services. Knowledge on the population is crucial for planning resource allocation and designing appropriate policies. Africa's current and projected demographic trends – growing population, urbanization, and the ratio of working age to non-working age and aging populations -- require in turn appropriate responses to the anticipated pressures on food, energy, and water resources. Policy formulation must also consider the implication for greater mobility, demand for jobs, social safety nets the uncertain effects of climate change.

1.2 Anticipated demographic trends in population growth and age structures are important drivers of economic growth. Over the coming decades, these trends are projected to lead to high levels of economic growth in some African countries, if the right policies are put in place. Demographic trends are thus likely to provide an opportunity to reduce poverty and yield a demographic dividend that will lead to economic success as it did in the Asian emerging markets: as much as one-third of East Asia's economic "miracle" is attributed to demographic change (Bloom and Canning, 2011). On the other hand, in countries with sparse resources and inadequate policies, population growth could lead to economic decline and social misery.

## II. AFRICA'S DEMOGRAPHIC TRENDS

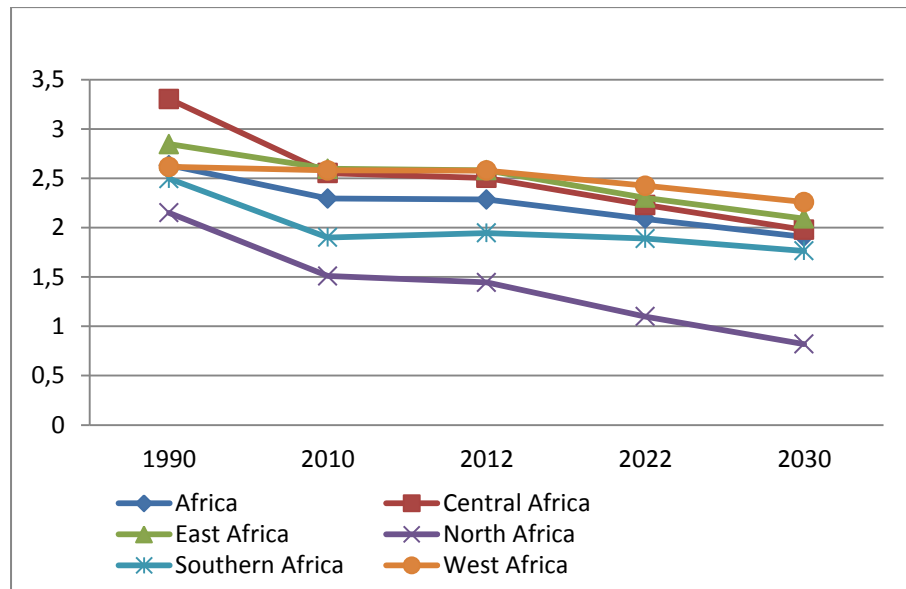
2.1 **Fertility Rates.** In projections to 2030, the African population is expected to peak at 1.6 billion from 1.0 billion in 2010 (Graph 1), which would represent 19% of the world's population. Asia and Latin America will account for 58% and 8%, of world population, respectively. These projections rely upon assumptions about vital fertility and mortality rates. The fertility rate is assumed to decline at a varying pace by country, and follow a trajectory similar to the one in other major global areas.



Source: AfDB based on UN Population Division data.

2.1.2 Lower fertility rates will lower Africa’s overall annual population growth rate to 2% by 2030, compared to Asia at 1.0%, Latin America and the Caribbean at 1.2%, Eastern Europe, -0.8% and the world as a whole at 1.5%. The dynamic will be similar in all African sub-regions, with the exception of the North Africa region, where population growth will decline at about 0.8% a year by 2030 (Graph 2).

**GRAPH 2: AFRICA POPULATION GROWTH RATES BY SUB-REGIONS**



Source: AfDB based on UN Population Division data.

2.1.3 Although, fertility trends in the developing world suggest that a decline often continues without significant interruption until the replacement level of around two births per woman is reached, recent evidence contradicts it. Fertility declines in developing countries, including in Africa, have slowed or stalled in a number of countries in transition.

2.1.4 The rate of **fertility decline** slowed down (i.e. stalled) significantly in sub-Saharan Africa in the 1990s and early 2000s. In the 1990s, declining GDP per capita contributed to slowing fertility rate declines as did the AIDS epidemic, with raised infant and child mortality rates. Poorly performing economies returned populations to subsistence and stalled fertility declines in many sub-Saharan countries (Bongaarts, 2008). In addition, domestic economic crisis and lower donor budgets assigned to family planning programs in a number of countries could also be factors inhibiting fertility decline.

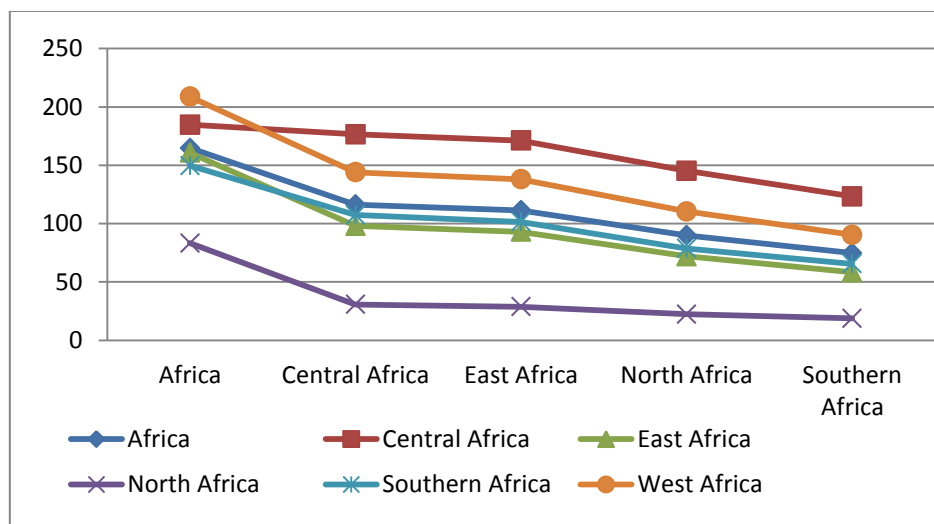
2.1.5 The slow pace of fertility decline around 2000 in sub-Saharan Africa has significant implications for future demographic trends: even minor variations in fertility trends have large effects on a population’s future size and age structure (Casterline, 2001). It implies a growing population in the coming decades, which may lead to some adverse effects on the prospects for social and economic development, food security, and the sustainability of natural resources, unless appropriate policies are designed.

2.1.6 On the other hand, lower fertility can yield a “demographic dividend,” with the proportion of the working age population increasing relative to the proportion of children

and the elderly. This “demographic dividend” could significantly contribute to developing human resources and employment creation with the appropriate policies. For example, as the birth rate in the Republic of Korea fell in the mid-1960s, elementary school enrolments declined and funds previously allocated to elementary education were used to improve the quality of higher levels of education (Ross, 2004).

2.2 **Mortality Rates** are generally poised to improve over the coming decades as communicable diseases in Africa continue to be addressed, although malaria remains endemic in most African countries and continues to represent a major cause of morbidity and mortality. Much progress is nonetheless expected in child and infant mortality rates: child mortality is projected to decline from 116 per 1000 live deaths in 2010 to 75 per 1000 live deaths in 2030 (Graph 3) thanks to better incomes, access to improved water supply and sanitation, and better health facilities.

**GRAPH 3: AFRICA UNDER-FIVE MORTALITY RATES PER 1,000 LIVE BIRTHS BY REGION**

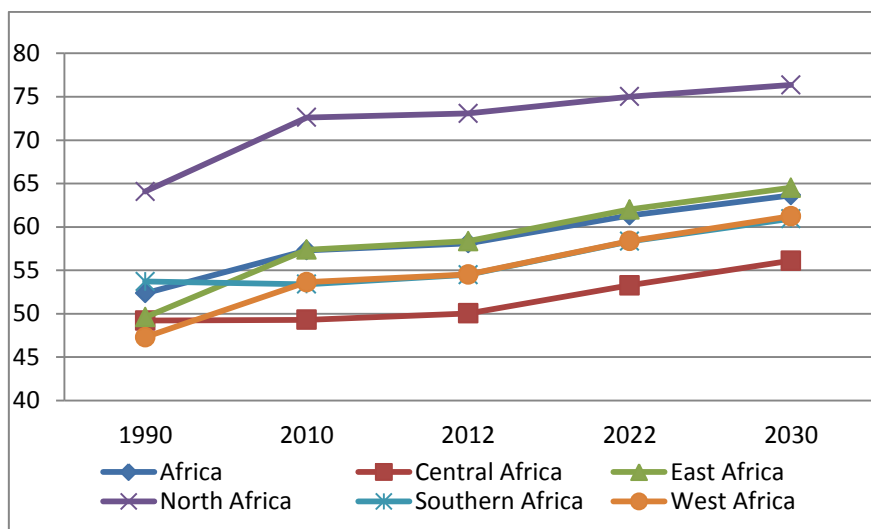


Source: AfDB based on UN Population Division data.

2.2.1 The North Africa and East Africa sub-regions are projected to benefit more from reduced child mortality than other regions. The relative reduction of the impact of HIV/AIDS would influence this decline. In general, trends in deaths from main causes appear to be decreasing thanks to increasing attention to communicable and chronic diseases, which is having a positive impact on longevity.

2.3 By 2030, **average life expectancy** in Africa is projected to reach 64 years, compared to 57 years in 2010 (Graph 4). The improvement varies across regions. North Africa and East Africa are projected to have the highest life expectation with 76 to 64 years against the lower figure of 56 years in Central Africa. Projected trends of life expectancy vary in countries grouped by income levels between 1990 and 2030. The rise in life expectancy is expected to be higher for low-income countries where it will rise from 14 years between 1990 and 2030; in middle-income countries, the expected increase is 12 years; in the upper middle-income countries, the expected increase is 5 years.

**GRAPH 4: AFRICA LIFE EXPECTANCY BY SUB-REGION**

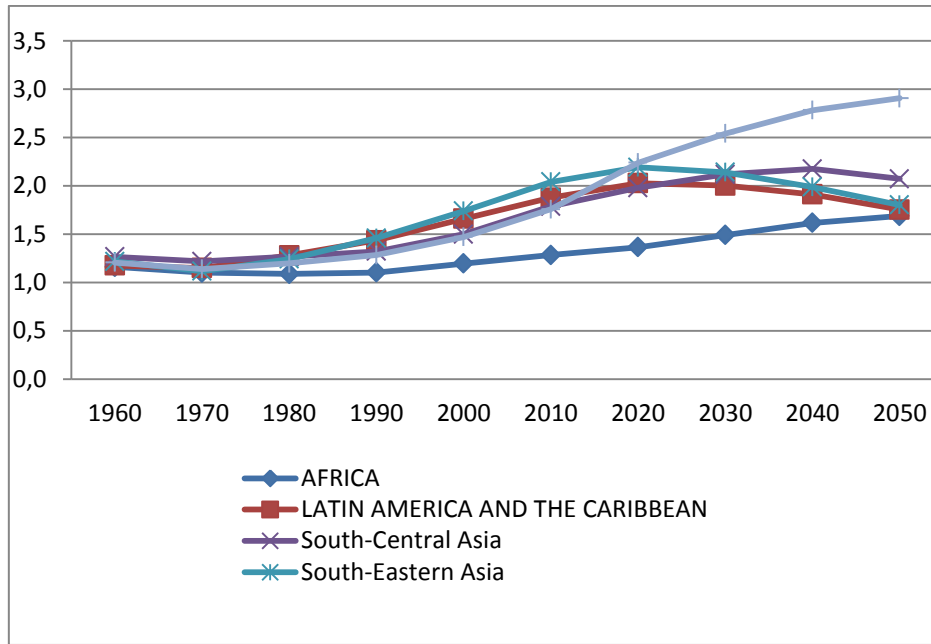


Source: AfDB based on UN Population Division data.

**2.4 Size and structure of Africa's population.** The age composition of a country's population is an important factor for development policy making. The bulk of African countries have a very young population. Cincotta (2010) has noted that this often implies a large proportion of young adults in the working-age population (over 40 percent), a rapidly growing school age population, and high rates of workforce growth. These dynamics in turn are associated with high levels of unemployment and political instability/backlash. If countries manage the demographic transition wisely, a window of opportunity opens up (demographic dividend) for faster economic growth and human development (Ross, 2004). While fertility declines yield an immediate drop in the growth rate of children and the elderly population, there is, however, a substantially delayed decline in the rate of growth of the working age population. However, the stalling of the fertility decline mentioned earlier could threaten to maintain Africa's population in the "arc of instability" demonstrated by a non-ending youth bulge.

2.4.1 Graph 5 and 6 show how the ratio of working age to non-working age population has changed over the past 50 years and is projected to change until 2030. Graph 5 shows a dramatic change in the ratio for all developing regions in the world from the 1970s and 1980s. The demographic upswing in Latin America and South East Asia is expected to continue to peak in 2020 before dropping. Africa by contrast is experiencing a steady but less dramatic change of demographic upswing; its downswing is expected to occur beyond 2030 when the demographic dividend peaks.

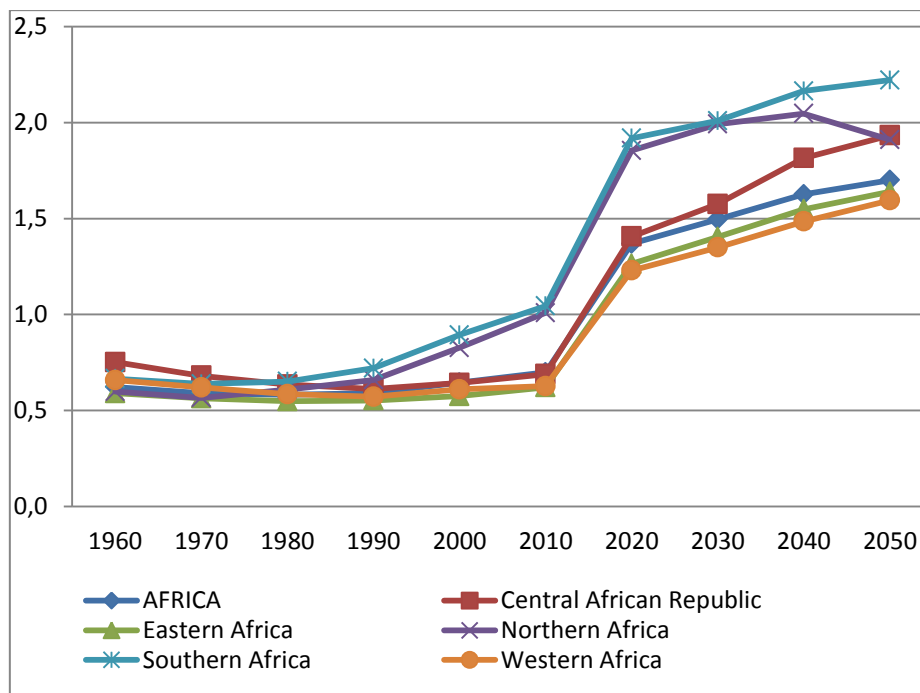
**GRAPH 5: WORKING AGE/NON-WORKING AGE POPULATION BY DEVELOPING REGIONS**



Source: AfDB based on UN Population Division data.

2.4.2 All sub-regions are currently on the demographic upswing but Southern Africa and Northern Africa have higher ratios of working age to non-working age populations (Graph 6). Northern Africa is expected to reap the demographic dividend until just after 2030 when the ratio seems to peak and enter a downswing. The demographics of other sub-regions will continue to be on an upswing and they will reap the demographic dividend until well beyond 2030.

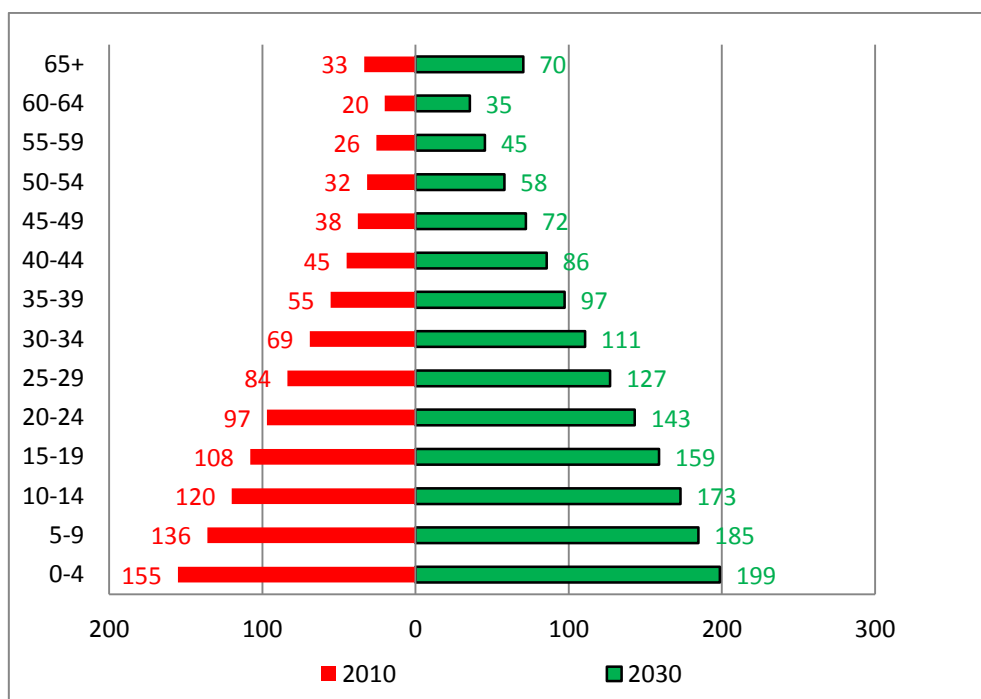
**GRAPH 6: WORKING AGE/NON-WORKING AGE POPULATION BY SUB-REGIONS**



Source: AfDB based on UN Population Division data.

**2.5 Aging Population.** Africa’s demographic trends reveal a growing aging population and unprecedented growth of the youth population. Population aging is expected to accelerate between 2010 and 2030, as more people live to age 65. Projections show that the elderly could account for 4.5% of the population by 2030 from 3.2 % in 2010 (Graph 7). This population faces a different set of challenges: aging is highly linked with long-term physical and mental disability and many long-term chronic conditions that will likely increase the needs for personal care. Yet, average spending on health is low and health care systems in most of Africa are weak, and unable to adequately address these emerging health problems. Moreover, there is a general lack of broad-based pension systems, while other social safety nets are sparse and stretched. There is greater prevalence of poverty, particularly among elderly-headed households today than in the past. This is a key emerging policy challenge across most African countries.

**GRAPH 7: AFRICA POPULATION BY AGE GROUP 2010 AND 2030**



Source: AfDB based on UN Population Division data.

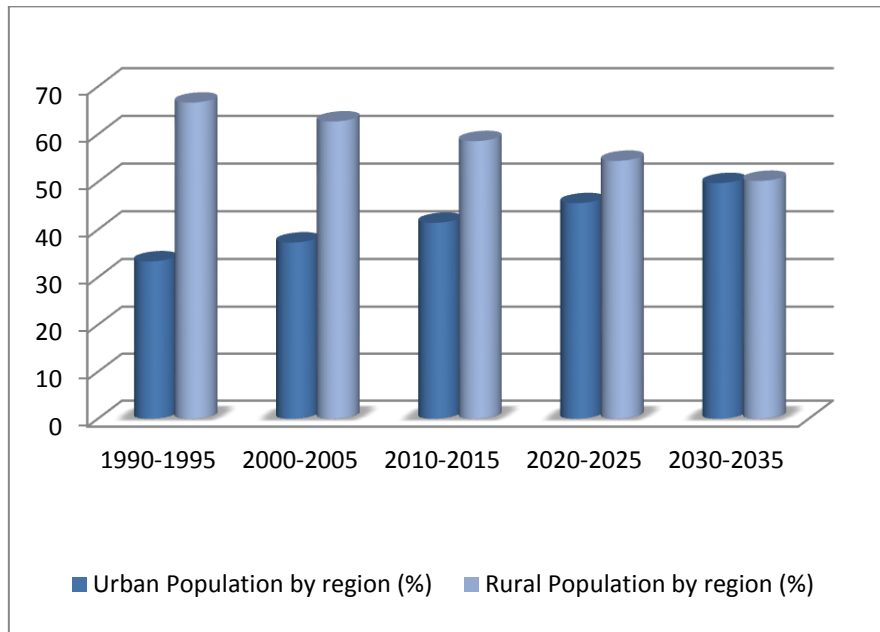
**2.5.1** Middle-income countries, including Mauritius, Tunisia, Morocco, Algeria, Egypt, and South Africa, are experiencing the greatest increase in population aging; their populations aged 65 years and older range between 4.5%-7.3%. Other countries, such as Libya, Botswana, Zimbabwe, and Djibouti, have also witnessed a significant increase in their elderly population.

**2.6 Urbanization.** Africa, and especially Sub-Saharan Africa, has experienced an unprecedented rate of urban growth, outpacing other regions. The foreseeable sizeable migration flows from rural areas present daunting challenges for development, in terms of land access, and in infrastructure and basic service needs. Central Africa is projected to remain the least urbanized region and North Africa the most urbanized.



2.6.1 The populations in urban areas currently stand at about 40% of total will increase further. The process will create an urban population that is larger than the rural population in about 2 decades (Graph 8). Many poor urban dwellers are now at par with those of the countryside. However, return migration is impossible and urban poverty is now a permanent feature of most economies.

**GRAPH 8: AFRICA- URBAN-RURAL POPULATION (%)**



Source: AfDB based on UN Population Division data.

2.6.3 Africa thus faces enormous development challenges in urban areas where unplanned housing proliferates, access to essential services is poor, and insecurity and poverty are growing. Despite these challenges, cities have played a pivotal role in sustaining economic growth in recent years, generating about 55 per cent of the continent’s total GDP. If managed properly, African towns and cities can contribute as much to boosting economic output as they have elsewhere in the world (about 90% of the GDP in the developed countries).

### III. COUNTRY ACTIONS

3.1 Policy making must consider the impact of demographic trends and indicators on major development goals, including poverty reduction, old age and health security, and provision of public services and infrastructure (Nugent and Seligman, 2008). A country’s stage of demographic transition should guide its choice of policies and initiatives so as to benefit from the trends. Some countries could catalyze the demographic transition by taking steps to lower infant and child mortality, leading to fertility decline; mortality levels could be lowered by expanding childhood immunization and providing safe water and sanitation. Countries could also broaden access to primary and reproductive health services, and to girls’ education to encourage a voluntary reduction of fertility.

#### **IV. THE ROLE OF THE AFRICAN DEVELOPMENT BANK**

4.1 The role of the Bank should be to assist countries to implement their population policies and programs as they seek to balance population growth and economic growth. Specifically, promoting equal and universal access to basic education, vocational training and employment, and reproductive health in the coming decades should be the key targets pursued with due regard to individual country needs and specificities, socio-cultural values and beliefs, financial and institutional constraints.

#### **V. CONCLUSION**

5.1 Overall, Africa's demographic trends hold a potential in the coming decades for economic and social development. Demographic indicators including population growth, and fertility and mortality rates are declining. However, countries must take advantage of this demographic opportunity by developing appropriate policy frameworks. Good governance, solid macroeconomic management, good trade policy, efficient infrastructure, and effective investments in health and education must all be taken into consideration.

5.2 The Bank has developed specific strategies to support countries to implement population policies and programs responsive to their demographic trends. In this respect, the Bank, in agreement with countries policy-makers, should use the analytical framework of the relationship between population growth and economic development as the basic structure for designing meaningful interventions. The Bank should mainstream population as a cross-cutting theme in its sector policies and operations to achieve sustainable development, as part of pro-poor population programs. This would fit well in its current emphasis on inclusive growth. The Bank must pursue the promotion of policy dialogue and advocacy to help countries develop population policies consistent with their overall development goals and able to elicit wide public support. It should also be able to strengthen institutional capacity building so that countries can develop and implement successful programs, including improved coverage and quality of reproductive health services, community-based services and access to universal basic education.

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