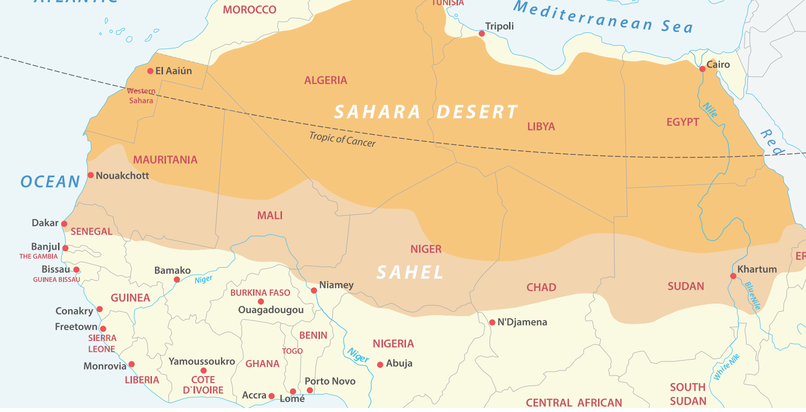
POPULATION INSTITUTE

The Future of the Sahel: **Demographic Dividend or Disaster?**



What is the Demographic Dividend?

The **demographic dividend** is the accelerated economic growth that can result from changes to a country's age structure as it shifts from *high* birth and death rates to *low* birth and death rates.[i]

When a country's total fertility rate (the average number of children per woman) drops, average family size declines. In economic terms, this decreases the number of child dependents relative to the working-age population—freeing up personal and societal savings that support economic growth.

In human terms it means that parents, communities, and governments are able to devote proportionately more resources to educating and nurturing each child. It also means that families are able to invest more in their farms and small businesses.

A sharp decline in a developing country's fertility rate can bolster its economic growth rate, but only if the necessary improvements in health and education are made and sufficient employment opportunities are created. If those occur, the country as a whole will benefit economically[i] from:

- **Smaller, healthier families;**
- **A better educated, more productive workforce;**
- **Expanded investments in farms and business enterprises; and**
- **Rising incomes and diminished poverty.**

The Demographic Dividend: A Misconception

A common misconception among many leaders is that a large youth population itself is an indicator of a future demographic dividend. While youth can be a great force for economic and political change, the key first step toward the demographic dividend is not a large youth population. Rather, it is the transition from high birth and death rates to low-birth rates and child death rates—a process referred to as the "demographic transition."
—"Demographic Dividend Factsheet", Population Reference Bureau

Dividend or Disaster?

Capture of the demographic dividend in the Sahel is a human and economic imperative, one with significant implications for the future of the region. Without it, the projected growth of its youth population will far surpass the job-creating potential of the region's economy. A rebound in global commodity prices may, at some point, offer some hope for countries in the region that have ample metal and mineral resources, but past commodity price booms have done little to alter the long-term economic outlook for the region. The manufacturing sector at this point offers even less hope.

Unless fertility declines and far more is done to improve human capital, countries in the Sahel will be ill-equipped to deal with the challenges posed by desertification, soil depletion, water scarcity, drought and, rising temperatures. **Simply put, realization of the demographic dividend in the Sahel is not just an attractive option to be pursued; it is an essential building block. There is no viable substitute.**

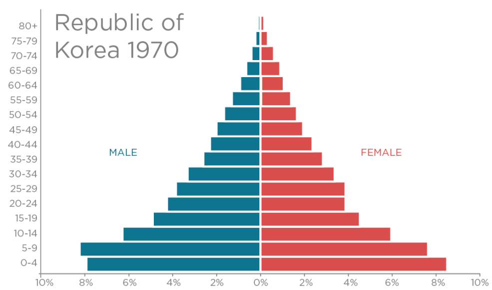
Which Countries Have Realized a Demographic Dividend?

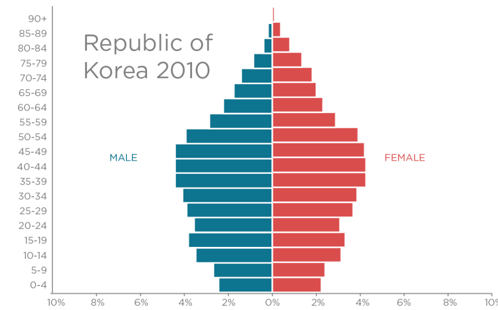
In many parts of the world the transition to low mortality and low fertility rates is essentially complete. In making that transition, many developing countries have enjoyed significant growth in per capita Gross Domestic Product (GDP). **In the 1960s and 1970s, this demographic dividend helped to propel the growth of the “Asian tigers” (South Korea, Taiwan, Hong Kong, and Singapore). In recent decades, it has helped to boost (with varying degrees of success) per capita GDP growth in parts of South Asia and Latin America.**[ii]

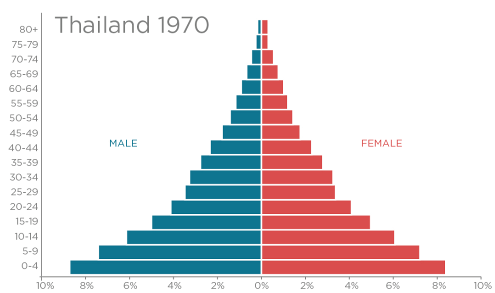
Changing Age Structures & the Demographic Dividend

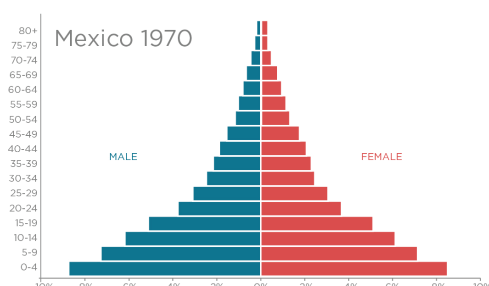
Declining fertility has changed the age structure of many developing countries. When coupled with investments in human capital (nutrition, education, etc.) changes in the age structure can turn developing economies into emerging economies.

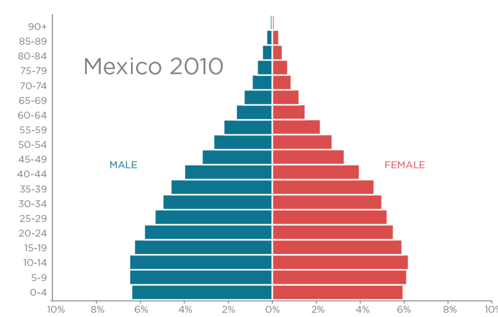
The population pyramids here—for **South Korea, Thailand, Brazil and Mexico.**[iii]—show the proportional size of age groups within these countries' population (five-year age groups for both males and females). The pyramids highlight the degree of demographic shift that has occurred between 1970 and 2010 and reflect a shrinking number of child dependents relative to the adult population.

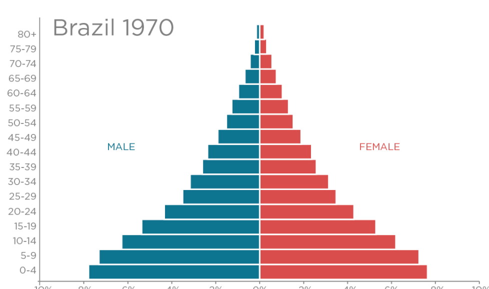


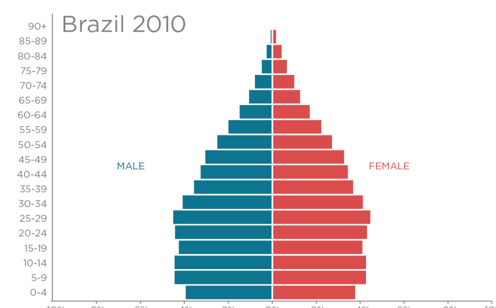












The Potential for a Substantial Demographic Dividend in the Sahel

If fertility rates decline fast enough, Africa could realize a large demographic dividend. By some estimates economic growth in sub-Saharan could be boosted by more than $500 billion a year (equal to about one-third of the region's current GDP) for the next 30 years."[v] The Sahel, in particular, could reap a substantial demographic dividend, if its high fertility rate falls fast enough. Significant obstacles, however, must be overcome and in a timely manner.

Gender Equality

Gender inequality is a major barrier to progress in the Sahel.[iv] The harmful social norms that perpetuate gender inequality must change if countries in the Sahel are to make significant economic progress. **The inadequate education of girls and the high prevalence of child marriage have disempowered women, reduced their human and economic potential, and contributed to high fertility.** In UNDP's latest annual Gender Inequality Index, three nations in the Sahel—Niger, Chad, and Mali—ranked in the bottom five for gender equality.[v] Gender inequality in education must be addressed, as there are **sharp disparities between the education attainment levels of girls and boys** in virtually every country in the Sahel. A recent World Bank study found that **ending child marriage in Niger—where 76% of girls marry before age 18—** would reduce the rate of population growth by about 10 percent each year, resulting in significant cost-savings in national budgets and welfare.[vi] More must also be done to increase the participation of women in the labor force.

Contraception

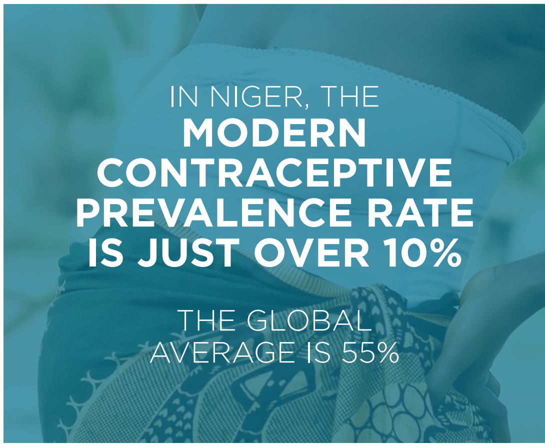
If gender inequality is adequately addressed and the education of girls is given greater priority, the Sahel could experience a rapid decline in its fertility rate. Progress, however, will be contingent upon the **expansion and improvement of contraceptive services and information.** The percentage of married women of reproductive age who are using a modern method of contraception is exceptionally low in the Sahel. **In Niger, which has the world's highest fertility rate and is projected to triple in population by 2050, the modern contraceptive prevalence rate is just over 10%.** The global average is 55%.[vi]

Nutrition and Education

Any reduction in fertility must go hand-in-hand with **improvements in child nutrition and education.** Rates of **child mortality, malnutrition, and stunting** in the Sahel are high, and **literacy** and educational enrollment are very low. Today's children represent the workforce of tomorrow. Unless more is done to improve this human capital, the demographic dividend will not be realized. If workers in the Sahel are to compete for manufacturing jobs, special attention must be given to **boosting literacy and vocational training.** In rural areas, in particular, youth must be given instruction in water management and sustainable farming techniques.

Employment

Improvements in child health and education will bolster the productivity of the future workforce, but increased savings and investment will be needed for job creation, particularly in the manufacturing, mining and service sectors. Governance and business conditions must improve if donor countries and the international business community are to make the necessary investments in the Sahel. Also, workers and families in the Sahel must be encouraged to invest in the productivity of their farms and businesses.



COUNTRIES IN THE SAHEL COULD REALIZE A SUBSTANTIAL DEMOGRAPHIC DIVIDEND, BUT TIME MAY BE RUNNING OUT. THE WORLD BANK CLASSIFIES SIX COUNTRIES IN THE SAHEL AS "FRAGILE."[viii]

With adequate investments, the realization of a significant demographic dividend in the Sahel is not out of reach, but it will require support from U.S. and other donors. Countries in the region must do their part, but they cannot do it alone. Adverse climatic changes or a deteriorating security situation will only magnify the economic challenges, as governments in the region divert funds away from nutrition and education programs in order to address these threats. The immediate security concerns in the Sahel must be addressed, as conflict is a significant barrier to progress, but without adequate investments in human and economic development, the security challenges 10 or 20 years hence will be far larger and far less manageable.

The Demographic Challenge in the Sahel

The tumult in the Sahel region has multiple causes, among which demography plays an important role, though rarely recognized. The region is experiencing exceptional and unprecedented natural demographic growth, leading to **a widening gap between population size and available resources.** This is a source of social and potential political tensions because **the exponential expansion of the population has not been matched by significant human development programs (e.g. education, health, nutrition, governance, etc.).** Tremendous development efforts are needed if one wants to avoid further and more dramatic turbulences in this part of Africa.

— John F. May, Jean-Pierre Guengant, and Vincent Barras, "Demographic Challenges of the Sahel Countries," (pp.165-77) Africa's Population: In Search of a Demographic Dividend (Springer, 2017)

National Intelligence Council (2017)

"In the next five years Sub-Saharan Africa will become more populous, youthful, urban, mobile, educated, and networked. Projected rates of population growth for the region are the world's highest and, with no likely imminent changes to the longstanding gender inequality issues that are largely driving high fertility, the sheer scale of the population increase will strain food and water resources, health care capacity, education, and urban infrastructure. These conditions will also generate increased migration outflows where economic growth is insufficient to support the population...

The region is likely to suffer from insufficient economic growth and job creation, putting a premium on good governance and further overwhelming the abilities of most governments, very few of which have implemented policies and have infrastructure—or the educated workforces—to secure "demographic dividend" economic growth by adding productive new workers.

Investment in human capital—especially for women and youth—and in institutions that foster human development and innovation will be critical to the region's future prospects."

— Global Trends: The Paradox of Power," Office of the Director of National Intelligence (2017)

i Ronald Lee and Andrew Mason, "What is the Demographic Dividend?" International Monetary Fund, Finance and Development (September 2006)
ii http://www.imf.org/external/pubs/ft/fandd/2006/09/basics.htm
iii https://assets.prb.org/pdf12/achieving-demographic-dividend.pdf
iv https://www.prb.org/sahel-demographics/
v http://hdr.undp.org/en/composite/GII
vi ECONOMIC IMPACTS OF CHILD MARRIAGE: FERTILITY & POPULATION GROWTH BRIEF (World Bank/International Center for Research on Women- June 2017)
vii https://assets.prb.org/pdf17/2017_World_Population.pdf
viii Harmonized List of Fragile Situations FY2018

POPULATION INSTITUTE