



## ECA POLICY BRIEF

# Demographic dividend and migration in Africa: challenges and policy options

## 1. Introduction

Africa was home to more than 1.5 billion people in 2024, a figure that is projected to increase by over 60 per cent to 2.5 billion by 2050.<sup>1</sup> Of the eight countries that are projected to contribute more than half of the increase in the global population by 2050, five are in Africa: the Democratic Republic of the Congo, Egypt, Ethiopia, Nigeria and the United Republic of Tanzania.<sup>2</sup>

By 2040, African countries will jointly have the world's largest workforce, surpassing those of China and India.<sup>3</sup> This will make the continent's reservoir of human capital its greatest asset until the mid-2030s. Such a pattern of population growth is not sustainable, however, given the need to provide high-quality, affordable education and health services for all those people and to establish a safe and suitable environment for offering young people decent jobs and mobility.

"Demographic dividend" refers to the accelerated economic growth that countries can experience because of population changes. With a reduction in fertility rates, a country will experience several decades during which higher than average shares of the population are of working age. This has the potential to boost output and savings per capita, leading to improvements in human capital and increased economic growth in various sectors.

Over the years, the importance of the demographic dividend for the transformative development of Africa has been acknowledged by African leaders in various forums, including the twenty-ninth special session of the General Assembly (A/S-29/PV.1), held in 2014 to mark 20 years since the landmark International Conference on Population and Development, and the high-level dialogue on strengthening partnership to accelerate the African demographic dividend, held on the margins of the seventy-first session of the General Assembly. The discussions during the latter dialogue led to the development of the African Union road map on harnessing the demographic dividend, which includes key deliverables and milestones and has four integrated pillars: employment and entrepreneurship; education and skills development; health and well-being; and rights, governance and youth empowerment.<sup>4</sup>

The demographic dividend represents a golden opportunity for many African countries to experience accelerated economic growth and enhanced living standards. African States and institutions will have to seize the opportunity, in order for the continent to enjoy a demographic dividend and its potential prolonged benefits. The opportunity will present itself when falling birth rates cause the ratio of working-age people to dependent young and older people

1 Saurabh Sinha and Melat Getachew, "As Africa's population crosses 1.5 billion, the demographic window is opening; getting the dividend requires more time and stronger effort", Economic Commission for Africa, 12 July 2024.

2 World Population Prospects, 2022: Summary of Results (United Nations publication, 2022).

3 Anne Sofie Westh Olsen, "Demographic window of opportunity in West Africa – and the role of migration" (Copenhagen, Danish Institute for International Studies, 2012).

4 African Union, "AU roadmap on harnessing the demographic dividend through investments in youth" (Addis Ababa, 2017).

in the population to tilt towards the former. The ability to seize the opportunity depends on job creation because African States will be able to do so only when their working-age populations become economically active and productive.

When previously high birth rates fall, the result is a “youth bulge” and the entry of that large cohort of young people<sup>5</sup> into the working-age population signals that the window of opportunity has opened. The successful integration of the youth bulge into productive sectors of the workforce occasions increases in household income and national economic output that might not otherwise occur. The immediate economic consequences of lower birth rates include reduced costs for households and Governments, which need to allocate fewer resources to schooling, healthcare and other social welfare services. Such savings enable families and Governments to invest more in schooling, nutrition and healthcare for each individual child.

Africa has the youngest population in the world, with 70 per cent of people in sub-Saharan Africa under 30 years of age.<sup>6</sup> The working-age (i.e. 15–64 years of age) share of the population is increasing significantly in almost all African countries.<sup>7</sup> In 2023, of the 35 countries with the lowest median ages in the world, only 3 were outside Africa. In the same year, the Niger was the African country with the youngest population, with a median age of 15.1 years.<sup>8</sup> Such a large proportion of young people represents an opportunity for the continent’s growth, but only if the

*“In the next 50 years Africa’s biggest single asset but also its potential Achilles heel will be its youthful population. The upside risk of the youth population is their contribution to economic growth resulting in increased incomes and employment. The downside risk is the inability to provide gainful employment for them thus creating a potential source of instability.”<sup>a</sup>*

a African Union, First Ten-Year Implementation Plan, 2014–2023 (Addis Ababa, 2015).

5 The International Labour Organization (ILO) defines “young people” as those from 15 to 29 years of age, see ILO, “Youth labour market statistics (YouthSTATS database)”, 2024.

6 United Nations, “Young people’s potential, the key to Africa’s sustainable development”, 2021.

7 Paulo Drummond, Vimal Thakoor and Shu Yu, “Africa rising: harnessing the demographic dividend”, IMF Working Papers, No. 2014/143 (Washington, D.C., International Monetary Fund, 2014).

8 Statista, “African countries with the lowest median age as of 2023”. Available at [www.statista.com/statistics/1121264/median-age-in-africa-by-county/](https://www.statista.com/statistics/1121264/median-age-in-africa-by-county/) (accessed on 3 February 2025).

new generations are completely empowered to realize their full potential.

As is the case for any region, the demographic characteristics of Africa – including average age, population size and gender mix – are a function of fertility, mortality and migration. Around one third of residents of sub-Saharan Africa express the desire to migrate permanently to another country,<sup>9</sup> with an estimated 85 per cent of African migration occurring within the continent;<sup>10</sup> these migrants contribute to the economic stability of their destination countries, filling labour gaps and furthering socioeconomic well-being. The growing African population of young people is especially likely to migrate, largely in search of job opportunities across national borders.<sup>11</sup> Thus, migration cannot be ignored, given its major impact on African population dynamics, whether in relation to labour mobility, urbanization, climate change, conflict or other issues.

Given the continent’s demographic dividend, Africa could become a net labour supplier and migration could, if properly managed, represent an important opportunity for both the region – if full advantage is taken of the implementation of the Agreement Establishing the African Continental Free Trade Area – and the rest of the world. Migration and demographic policy are linked, and African States need both to coordinate policies to create jobs for young people within the continent and to collaborate with States outside the region to facilitate the transfer of young workers.

In the present policy brief, the challenges of attaining the demographic dividend in Africa are discussed, along with the potential role of migration in its harnessing within the region. The question of how to harness the demographic dividend in Africa is addressed, followed by associated education, macroeconomic and health policies, and by ways in which migration could contribute positively. The policy brief will be concluded with the presentation of policy recommendations.

9 Ibrahim Mayaki, “Migration is an opportunity for Africa”, African Union Development Agency–New Partnership for Africa’s Development, 8 April 2016.

10 International Organization for Migration, Africa Migration Report: Challenging the Narrative (Geneva, 2020).

11 Westh Olsen, “Demographic window of opportunity in West Africa – and the role of migration”.

## 2. Challenges associated with the attainment of the demographic dividend in Africa

The major obstacle to the attainment of a demographic dividend in Africa is unemployment, in particular youth unemployment. If enough jobs are created, more young people will mean more workers, which will cause economic growth; the result will be a social good, known as the demographic dividend. Should growth not be distributed fairly and should insufficient jobs be created for the potential workers, however, this situation will lead to a demographic disaster. Nevertheless, the pursuit of industrialization in Africa, through policies to foster the growth of the manufacturing sector and modernize the agricultural sector, will steadily cement the continent's growth and, ultimately, secure its status as a pole for global growth.

Attainment of the demographic dividend in Africa is contingent on the surmounting of many challenges, including:

- In many African low-income countries, the pace of fertility decline has been too slow to yield the necessary changes in age structure and may be too slow for the demographic dividend to be attained by the mid-2030s.
- In contrast, some African middle-income countries are already exhibiting the challenges of an ageing population and may be unable to attain developed country status before they have exhausted their demographic dividend.
- In most African countries, many young people are in informal jobs, which often lack job security, benefits and decent pay, leading to economic vulnerability.
- Many African countries still have poor records on gender equality and, if women's potential is not completely unleashed, the full demographic dividend will not be attained.
- The capital-intensive extractive industries that have sustained the economic growth of many African countries are unlikely to generate additional employment opportunities because of limited forward and backward linkages.
- Many African countries face large trade imbalances and remain vulnerable to fluctuations in the prices of a small number of exports.
- Lack of infrastructure development limits investment in many African countries.
- Poor health and malnutrition in many African countries hinder human capital development, affecting the ability of individuals to participate in the workforce productively.
- Many young people find work in the informal sector or migrate to other countries, where they experience insecure employment conditions.
- Across the continent, young migrants are often forced to find precarious work in the informal sector because their qualifications are not recognized.
- African countries face the mass emigration of skilled workers, in particular doctors, nurses and engineers, and must counter this trend by providing such workers with decent jobs, professional development and educational opportunities in their home countries.
- Weak institutional and regulatory frameworks compromise the confidence of domestic and international investors.
- Levels of school attendance and educational attainment remain low and, in particular, significant barriers to the education of girls and women limit the income-generating potential of women.
- Pervasive gender inequality, beyond its broader human rights implications, impedes fertility decline and compromises labour productivity.

While the potential exists for the demographic dividend to be attained in Africa, the continent's States and institutions must set out and prioritize relevant investment strategies, in order to address the above-mentioned challenges before the window of opportunity closes. Africa faces the immediate pressure of a large and increasing working-age cohort for whom the preconditions have not been met for their ability to support themselves financially in older age. Urgent action is needed to fully open the window of opportunity for the demographic dividend to be attained in Africa and for its economic benefits to be realized.

### 3. How to harness the demographic dividend in Africa

The demographic dividend is time-bound and can last for several decades. African States need to harness its benefits during this window to maximize its impact on development. In order to harness the demographic dividend, as Africa edges along the demographic transition from high to low fertility and mortality rates, population change needs to be accompanied by a growth-conducive economic environment. Capitalizing on the benefits of the demographic dividend will require investment on both the supply side and the demand side of the labour market.

On the supply side, immediate investments in public health are needed to initiate, accelerate and sustain the necessary population changes: a lower fertility rate is a precondition of reducing the number of dependents relative to economically active individuals. Such a decline in fertility rates is enabled by family planning and by healthcare and nutritional care for mothers and newborns. Also on the supply side, long-term investments in human capital are needed to prepare workers for the jobs of the present and future labour markets, thus reducing skills mismatches.

Demographic policy is especially important on the supply side. African countries exhibit wide variations in fertility rates: the continental average remains high, at close to five children per woman, but has begun to decline in the East and North African subregions. In addition, fertility rates in Africa are higher than in other regions with comparable income levels.<sup>12</sup> The working-age population is continuing to grow throughout Africa because of high fertility levels in previous decades and will continue to grow in the decades ahead,<sup>13</sup> at the early stage of the demographic dividend. Current fertility rate reductions will need to be accelerated and sustained, in order for the continent to harness the demographic dividend.

Also important on the supply side is migration, which is a powerful driver of sustainable development in countries of origin, transit and destination, with migrants often bringing skills, bolstering the workforce, sending remittances to their countries of origin and contributing to human capital development and technological progress. African States

<sup>12</sup> World Bank, "Fertility rate, total (births per woman)", World Development Indicators database. Available at <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN> (accessed on 9 December 2024).

<sup>13</sup> David Lam, Murray Leibbrandt and James Allen, "The Demography of the labor force in sub-Saharan Africa: challenges and opportunities, GLM|LIC Synthesis Paper, No. 10, | November 2019 (Institute of Labor Economics, Bonn, Germany, 2019).

will need to put in place an adequate framework for making the most of the contribution of young migrants and seizing the opportunity presented by a dynamic workforce with creative and innovative ideas.

On the demand side, meanwhile, investments are needed to establish an environment favourable to the absorption of a large working-age cohort into sectors in which their employment will translate into economic growth. Policies must improve infrastructure quality, boost job creation, support labour flexibility, improve education quality and enhance the adaptability of skills. Since there will be no return on these investments until well into the future, immediate policy measures and reforms will set the stage for harnessing the demographic dividend.

#### A. Areas in which policies are needed to harness the demographic dividend

Regardless of the stage of the demographic transition at which African countries find themselves, education and health policies, the crucial drivers of human capital, will determine the quality and quantity of workers in the labour force. Such policies can provide a large, healthy and highly skilled pool of new workers, prepared to take up the jobs created by industrialization. Labour policies align the stock of human capital with existing jobs; establish the adaptive labour market needed to absorb both the youth bulge and intra-African migrants; and incorporate a growing female workforce. If suitable adjustments are made to education and training systems and adequate policies are put in place, the demographic transition, women's increasing labour market participation and the expansion of the green economy will all constitute opportunities and sources of new jobs.

If women's potential is not fully unleashed, the demographic dividend in Africa will remain marginal at best. The continent's poor record on gender equality represents a serious obstacle to the harnessing of the demographic transition. Accordingly, the attainment of Sustainable Development Goal 5 – achieve gender equality and empower all women and girls – should be a top priority in Africa.

The demographic transition, increasing the number of individuals who can participate in the workforce, is both a blessing and a curse. The demographic window of opportunity is a blessing because it makes possible a reduction in the number of dependents relative to economically active individuals. The result is that more

people are working and more funds are available for savings and investment, leading to economic growth. A growing working-age population poses some labour market challenges, however, if the economy is unable to generate sufficient jobs.

Youth bulges present States with a window of opportunity for rapid economic growth and poverty reduction, provided that they implement sound policies at each stage of the demographic transition. This means providing education and training to develop productive human capital and actively promoting the creation of high value added jobs that make full use of the skills of young people. Unemployment is caused not by the youth bulge itself but rather by the response of Governments to its emergence. The problem in Africa is twofold: jobs have not been created quickly enough to absorb the growing population of young people and the skill level of the available human capital does not adequately match the needs of the labour market. It is paradoxical that, in Africa, some of the highest unemployment rates are now found among the best educated young people.

Demography is not destiny. The examples of East Asian countries, in particular China and the Republic of Korea, demonstrate how deliberate policy measures can turn demographic trends into opportunities for growth and development. By focusing on establishing favourable regulatory environments and promoting social mobility, these States were able to harness the potential of their youth bulges and transform them into demographic dividends. This further reinforces the idea that a country's fate is not solely determined by its demographics, but rather by how it chooses to respond and adapt to those demographics through well-crafted policies and strategies.

- **Education policy**

Education policies play a crucial role in seizing the opportunities presented by the demographic dividend. Lower fertility rates are closely correlated with rising education levels among men and women. Young, educated people tend either to delay marriage to pursue further schooling or in-service training or to work and accumulate earnings before marrying and starting families. Thus, policies to promote and incentivize extended schooling by building more secondary schools, providing better-quality instruction and raising enrolment and attainment rates among the growing population of young people help to open the window of opportunity for harnessing the demographic dividend.

Education policies should be combined with employment policies that align the stock of human capital with growth-oriented demand. Emphasis should be placed on the creation of new jobs in expanding economic sectors that become available in a manner synchronized with the production of skilled labour. Such jobs need to be economically productive and to require the skills of the young workers who have just finished their training. Furthermore, regulations should establish a flexible job market to facilitate the incorporation of this large labour force into growing sectors of the economy. With a view to capitalizing on the growing number of women seeking workforce participation, it is equally important for employment policies to promote gender-neutral hiring practices.

- **Macroeconomic policy**

Playing a critical role in the seizing of the opportunity presented by the demographic dividend, employment policies need to be underpinned by a number of macroeconomic policies, the first of which is an expansionary fiscal policy that involves increasing government spending and reducing taxes to stimulate economic activity. By fostering public investment and reducing tax liabilities, Governments can create jobs directly through public projects and indirectly by promoting private sector growth.

The second macroeconomic policy that is required is a managed exchange rate regime that promotes export competitiveness and currency stability. A competitive exchange rate can make exports more attractive to foreign buyers, boosting export revenues and potentially creating jobs in export-oriented industries. Currency stability is important for maintaining investor confidence and preventing excessive volatility, both factors that can affect business planning and economic growth.

The final macroeconomic policy that is needed is a monetary policy that supports fiscal expansion and export promotion by achieving low real interest rates to encourage private investment. This can lead to business expansion and job creation. In combination, all three of these macroeconomic policies – fiscal expansion, managed exchange rate and expansionary monetary policy – can have a synergistic effect that enhances overall economic growth.

- **Health policy**

Health policies should be focused on reducing the dependent population, largely by increasing investment

in family planning and other maternal and child health programmes. Increased investment should be geared towards four aims, the first of which is improving reproductive and maternal health awareness. Second, coverage of basic newborn, infant and child health services should be expanded. Healthy development throughout childhood, from the very earliest stage onwards, helps to protect against chronic disease in adulthood. Third, healthcare coverage should also include health promotion and good-quality healthcare provision for all, in particular for conditions associated with old age. Lastly, it is crucial both to promote family planning programmes and to improve access to related services.

- **Migration policy**

Most migrants leave their countries of origin to improve their economic position, for instance through work, trade or education. Centres of economic growth, such as Côte d'Ivoire and South Africa, attract large numbers of migrant workers. Adequate migration strategies and frameworks for taking advantage of the socioeconomic benefits of migration are lacking, however. Most sub-Saharan African countries are struggling with the dual challenge of creating growth and jobs for their increasing numbers of young people, while simultaneously having to import workers for specific industries, such as oil and gas, mining and telecommunication services. Even in the face of persistent unemployment and underemployment, many African economies face labour and skills shortages. If African States and institutions wish to harness the demographic dividend in the coming decades, they will need to resolve the mismatch between skills and labour market needs.<sup>14</sup> Intraregional mobility in the African labour market remains underdeveloped, however. Despite its crucial role in fostering intraregional labour mobility, regional labour market integration is largely ignored.

Economic opportunities for the whole population of Africa, in particular young people and women, can be expanded through inclusive growth, which can be fostered by using new technologies, fully implementing the Agreement Establishing the African Continental Free Trade Area and improving the quality of education. One of the arguments for the involvement of young people in the productive sectors of the economy is that this enables them to develop employable skills. Well-educated and healthy individuals with diverse skills are likely to participate in highly valued economic activities, thus boosting prospects for economic

development, in addition to increasing labour mobility and the recognition of skills among African countries. Such policies must be complemented with social programmes to foster human development and enhance sustainable and inclusive growth.

### **B. Specific policy recommendations**

The youth bulge is a double-edged sword: it could bring about inclusive growth and sustainability but, if not appropriately harnessed, it could also, over time, become highly detrimental to African Governments' efforts to promote productive livelihoods. To promote such livelihoods successfully, Governments need young people to have adequate employable skills and access to decent jobs.

The demographic dividend could play a crucial role in African efforts to attain the Sustainable Development Goals, as increased economic growth contributes to improved well-being. Effective management of the dividend can lead to a virtuous cycle of development, in which increased economic resources are reinvested in education, health and infrastructure, further enhancing development outcomes. Consequently, African Governments should work together with other stakeholders on implementing several vital strategies, with a view to effectively harnessing the demographic dividend and, thus, helping to achieve the Sustainable Development Goals.

Each African Government should:

- Build up social security systems and other provision for retirement, with a combination of State pensions, employment pensions and private savings.
- Diversify its country's trade to reduce its dependence on commodities, agricultural and mineral, in order to make African economies less vulnerable to commodity price fluctuations, while broadening their range of trade partners by expanding relationships with emerging markets and promoting intra-African trade. Such a move away from unbalanced trade could increase each African State's trade surplus, thus boosting its foreign exchange reserves, representing additional capital that could be reinvested to develop the country's human capital.
- Remove barriers to entering the workforce, promote job mobility and foster labour flexibility to ensure that the workforce can adapt to changes in the economic climate.

<sup>14</sup> Westh Olsen, "Demographic window of opportunity in West Africa – and the role of migration".

- Design public policies that facilitate mobility, regional labour integration and recognition of the skills of migrants.
- Reinforce regional collaboration to unlock the full potential of young workers beyond national borders by enabling them to work in other subregions.
- Emphasize the importance of training, throughout the education system, on science and technology, on business and entrepreneurship, and on management.
- Enact laws to extend the number of years of compulsory schooling and to require girls and boys to spend the same number of years in school.
- Ensure that increasing numbers of new jobs are created in more knowledge-intensive and higher value added sectors, as the education level of the population increases.
- Expand vocational training opportunities to ensure that students graduate with skills useful for the workplace of today.
- Elaborate and operationalize national youth employment strategies.
- Invest in labour-intensive economic sectors, with a view to diversifying economies away from the predominance of capital-intensive sectors and thus creating significant employment opportunities for the young people comprising the youth bulge.
- Promote education for girls and then, in order to take advantage of the resulting higher levels of education among women and accelerate their transition into the working world, encourage gender-neutral hiring practices. The more education that women receive, the higher their career aspirations, whether in skilled professions or entrepreneurship.
- Reinforce policies to spur older workers to save privately, with a view to funding their retirement.
- Strengthen social security systems, with the aim of enabling working-age people to fund their retirement.

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