Achieving the Demographic Dividend in Uganda

A Strategy for Accelerating attainment of Uganda Vision 2040 Targets

Speak Resort Munyonyo, 1st – 2nd October, 2014

Presentation outline

- Background
- Uganda Vision 2040
- Micro linkages
- Defining the Demographic Dividend
- The Model and results
- Proposed interventions

Background

- **Historically, Uganda has been associated with unfavourable demographic characteristics:**
  - High fertility
  - High but declining mortality
  - Negligible international migration
  - Result: Rapid population growth,
  - high dependency ratio (esp. child),
  - age structure that is not conducive to production, savings, investment and thereby development.
  - Population generally treated as an exogenous factor

Uganda's Vision 2040

- ***"A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years"*** with a per capita GDP increasing from US$506 in 2010 to $9,500 by 2040.
- Recognizes Uganda's rapid population growth, young age structure and consequent high child dependency burden among the threats to the achievement of socioeconomic development
- Vision 2040 pronounced **"harnessing the demographic dividend"** as one of the strategies for benefiting from the country's abundant and young population

Families voluntarily choose to space, time, and limit pregnancies and births because it is beneficial for the family.

- When family size is lower, more resources are available to benefit all members of the family, especially the children.
  - More food, hence better nutrition
  - Better clothing
  - Better school achievements
  - Healthier
- Mothers benefit as well.
  - Improved maternal health
  - More time to manage the household
  - Time to join the labour force

What's good for the family is also good for the country.

- Choices made by individuals, when added together, can have profound effects on a country.
- The benefits that families realize when they are able to freely choose the timing, spacing and number of children to have can also benefit the country.
- One such benefit to the country is called the "**demographic dividend**."

Photo credit: Gunnar Salvarsson

What is the demographic dividend?

- An opportunity for economic growth and development that arises as a result of changes in population age structure.
- When fertility rates decline significantly, the share of the working-age population increases in relation to previous years.
- A larger working-age population can enable a country to increase GDP and raise incomes.
- Workers are able to save and invest rather than spend on supporting a large non-working (child) population.

Dividend not automatic

Prerequisites and concomitants :

1. Rapid fertility decline [window of opportunity only 30 – 50 years; W. Europe took 150 years];
2. Definite infant and child mortality decline;
3. Massive investment in education
4. Concerted investment in human development and human capital.

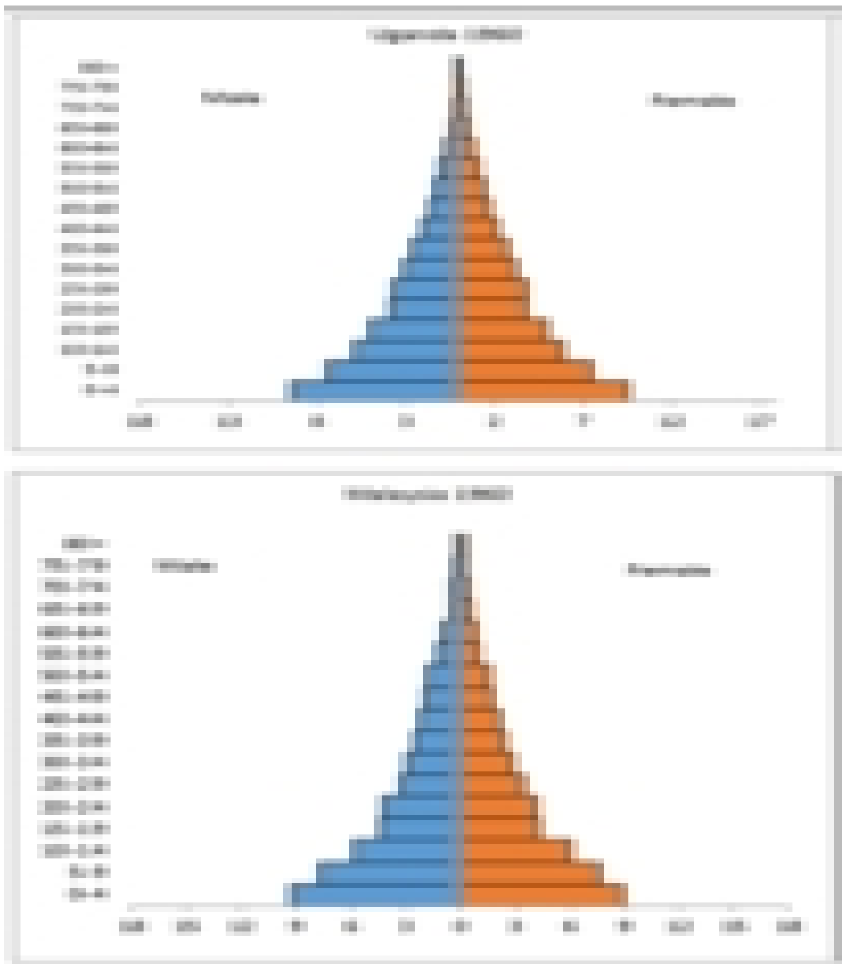
Note: large pop base ➡ 71m in 2040

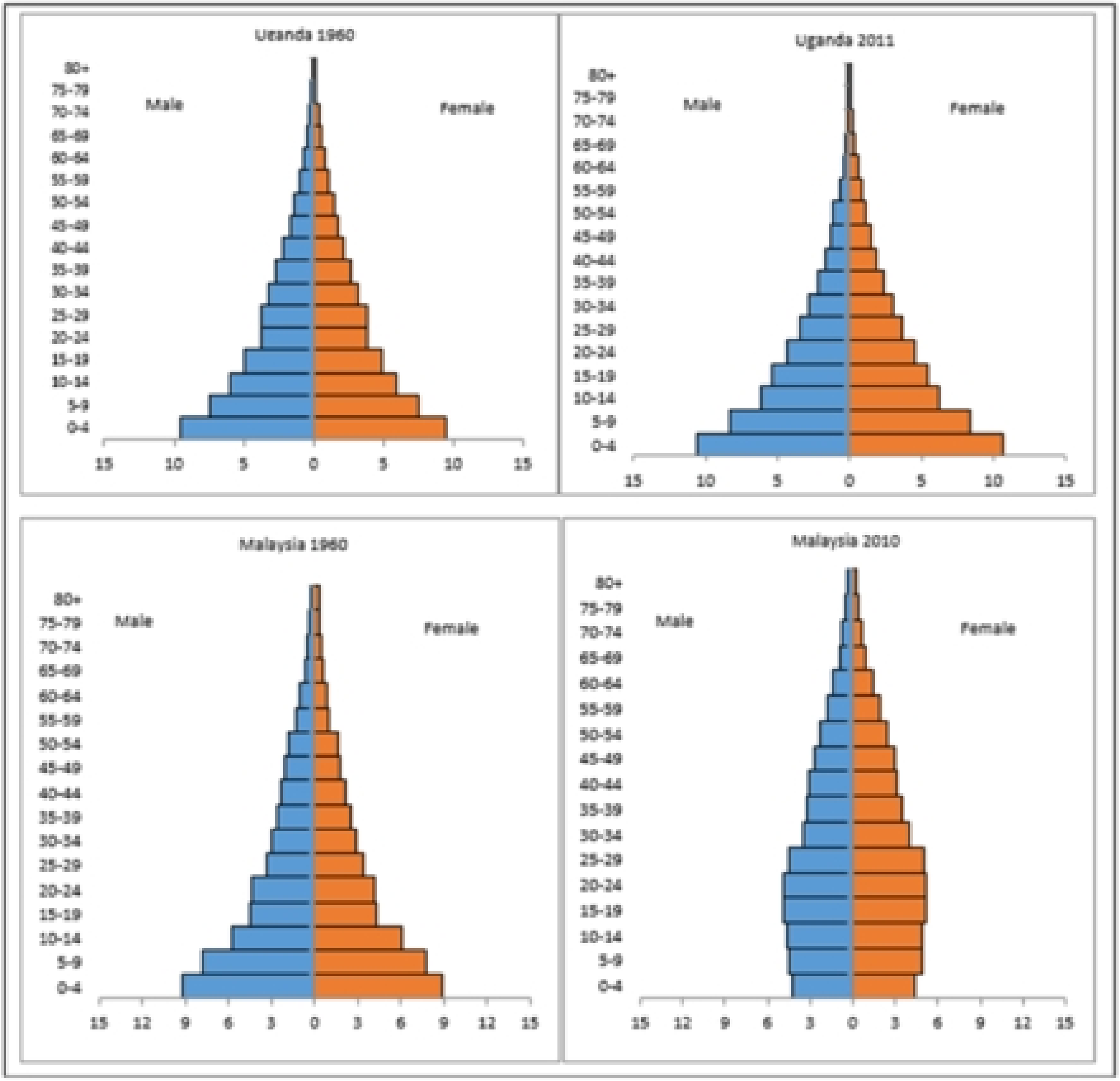
Hence: HARNESSING...

How does a country achieve the demographic dividend?

Source: Population Reference Bureau

Comparison of Uganda’s and Malaysia’s population age structures





Uganda 1960
Male
Female
80+
75-79
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Uganda 2011
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Malaysia 2010
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Demographic dividend model

Photo credit: Kristopher Carolson

An economic-demographic model

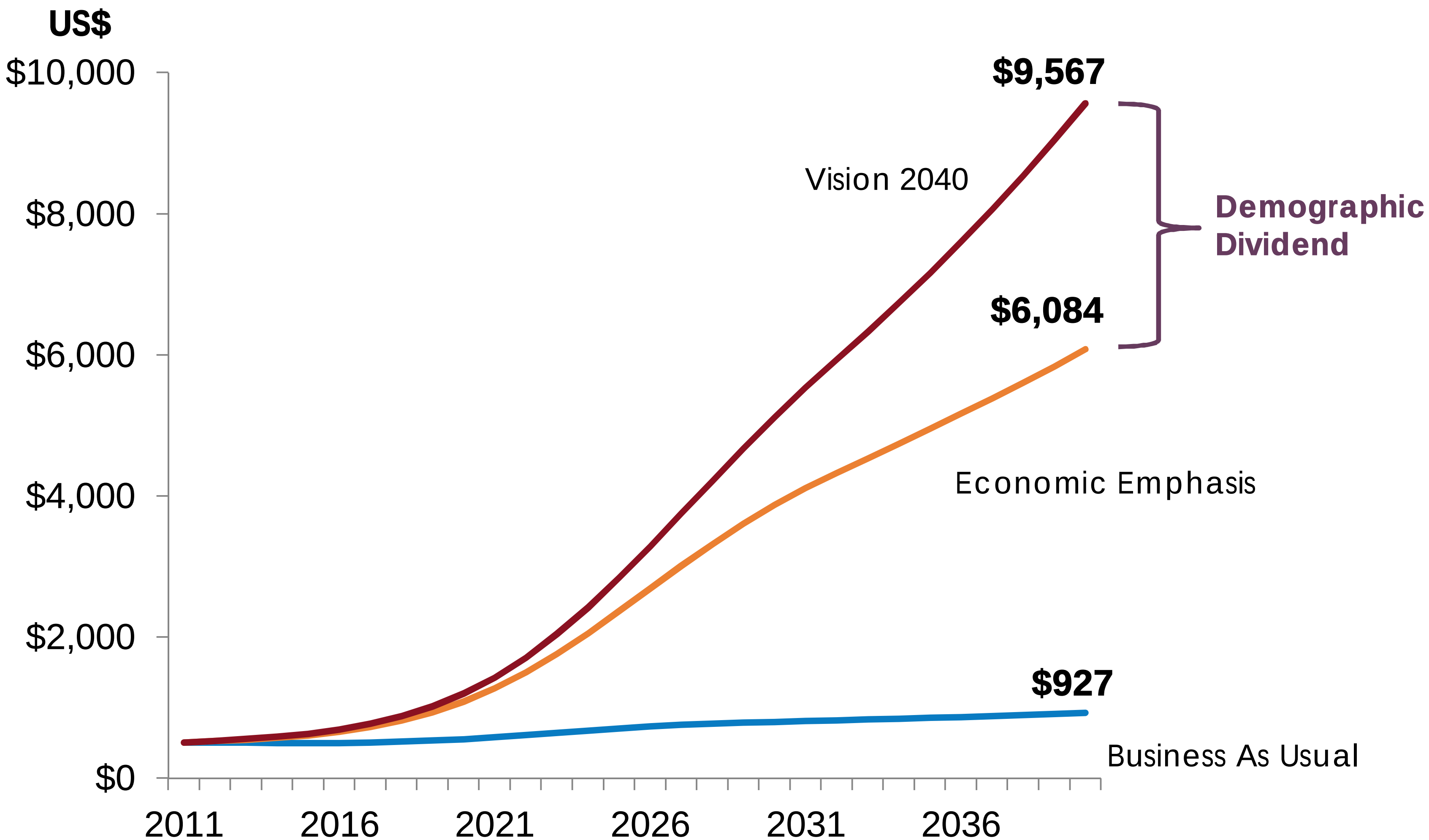
- The model was developed in collaboration with the Futures Group
- Assumptions (scenarios) are made regarding various health education, family planning, and economic parameters.
- The model projects levels of fertility, mortality, population growth, savings/investment, employment, and per capita GDP.

Photo credit: David Blume

Three policy scenarios

Scenario	Key Characteristics
"Business As Usual"	▪ Modest investments in family planning, education, and economic reforms ▪ Slow progress in economic development and demographic transition
Economic Emphasis	▪ Maximize economic competitiveness to the level envisaged in Vision 2040 benchmark countries ▪ Modest investments in family planning and education
Vision 2040	▪ Maximize economic competitiveness to the level envisaged in Vision 2040 benchmark countries ▪ Simultaneous prioritization of education and family planning to the Vision 2040 benchmark levels

GDP per capita



What is Uganda doing to prepare for the demographic dividend?

[NDP II Priorities]

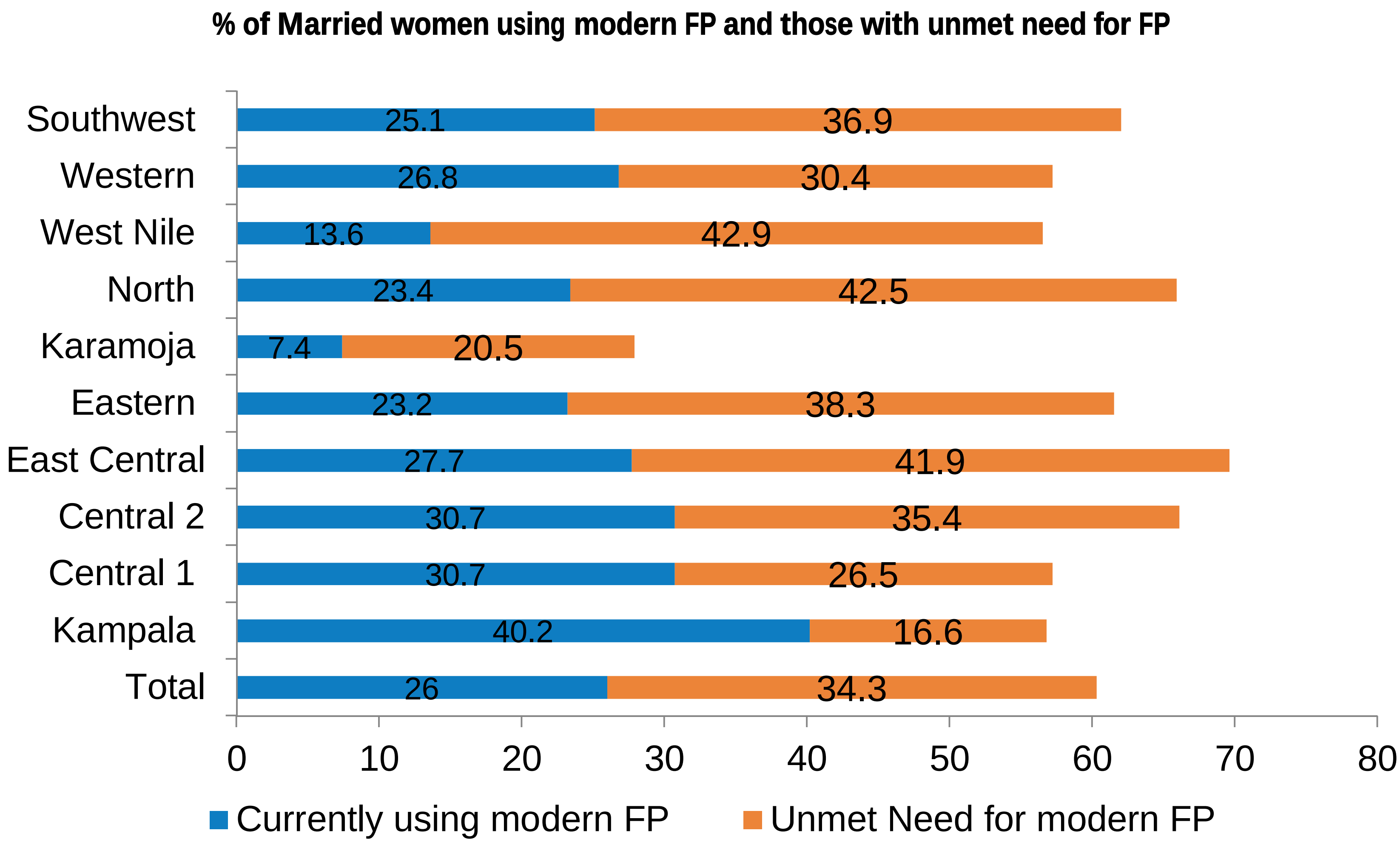
Photo credit: David Sisaki

Health and family planning

1. Sustain and accelerate the current decline in infant mortality through immunizations, IMCI, nutrition, ITNs.
2. Address the unmet need for family planning by reducing barriers of demand, access and use of FP.
3. Sustain the high level of government investment in family planning.

Photo credit: Fabio Beretta

Addressing barriers to contraceptive use would reduce unmet need and fertility substantially



Source: DHS Analytical Series (Forthcoming)

Education

1. Increase investments in education, including ECD universal secondary and higher education.
2. Address quality issues, school drop-out, and gender differences.
3. Strengthen vocational education [SKILLING UGANDA]

Photo credit: David Blume

HUMAN CAPITAL

Economic policies, employment, and jobs

1. Promote labour market flexibility.
2. Address barriers to employment facing youth.
3. Encourage investment in fast-growing, labour-intensive sectors such as construction, modern agriculture, value addition and light manufacturing.
4. Invest in development of economic infrastructure including energy, transportation, and communication.
5. Address skills mismatch between what the market requires and what the education system produces.

Governance and accountability

1. Promote macroeconomic policies and financial institutions to encourage private savings, investment, and attract FDI.
2. Strengthen governance and national security to optimize investor confidence.
3. Improve efficiency and accountability in delivery of public services.

Photo credit: Javier Varela

Actualization of the Dividend

- Short-term dimension
- Long-term dimension

The Next five years → 2019/20

1. EconomIc:
   i) Infrastructure
   ii) High multiplier effect investments: value addition; secondary and tertiary industries
2. Improve quality (educ & health); focus on adolescent girls (next mothers)
3. Labour market: re-tool young people with marketable skills – in and out of school

Photo credit: David Blume

Long-term: human capital development value chain: appropriate multi-sectoral investments towards high-end jobs

Pregnancy to birth	0 – 5	6 – 12	13 – 17	18 – 24	25 – 64	65+
Maternal nutrition, ANC	New-born and child health; ECD	Primary education; School health	Secondary educ.; RH info and services	Tertiary educ.; skills component; RH info & services	Skills and job training; NCD info and other services	Retirement training etc.

Thank you

Photo credit: Gunnar Salvarsson