

WDA Discussion Paper

On Demographic Challenges

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“Switzerland’s Development Strategies for Sub-Saharan Africa”

A View through the Lens of Demography

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Foreword:

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Foreword

by Jack A. Goldstone

1.4 billion people. That is not just the population of China, or India today – it is the projected population of Nigeria, the Democratic Republic of the Congo and Ethiopia combined by 2100. The growth of China and India has powered the world economy for the last forty years. But in the second half of the 20th century, China and India will no longer have growing populations; the great potential for growth in the global economy after 2050 will come from sub-Saharan Africa, which is expected to total 3.8 billion people by century’s end, and to have 40% of the entire world’s working age (15–59) population.

Will that vast workforce be as productive as the global workforce of today? That depends entirely on how sub-Saharan Africa’s workers develop in the next eighty years, and whether these countries can follow Asian nations in capitalizing on a “demographic dividend.” Much about the demographic dividend is misunderstood. It is not an automatic consequence of economic development, nor of continued population growth. Quite the reverse; unless the right investments are made, in the right quantity and timing in the right places, the potential for such a dividend may be lost.

It is thus imperative that strategic plans, including appropriate development assistance, be developed to help countries realize their potential demographic dividends. As Ziqian Feng’s Master’s thesis so clearly shows, that requires rethinking current development assistance practices, which usually target one particular aspect of development, rather than the full suite of measures necessary for countries to reap their full demographic dividend.

Ms. Feng shows how four different elements – supporting health; expanding education; providing local employment opportunities; and facilitating migration to help workers move to where capital and jobs are available – are all necessary and interlocking parts of a strategy to produce a full demographic dividend. Her essay is a valuable guide to developing the broad strategy needed to ensure that global economic growth remains strong as the world’s growth potential shifts to Africa over the 21st century.

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Foreword

by Martin Dahinden

Demography and related population dynamics have a major impact on the development opportunities of poorer countries. It is important and urgent to make wise use of the opportunities that arise with population development. One such approach concerns the so-called “demographic dividend.” It calls for making good use of the period in which the population has a relatively high number of young people of working age, well before the aging of the society sets in.

In international development cooperation, this and other demographic approaches tend to be neglected – to the detriment of sustainable development. Despite the many studies, conceptual considerations and analysis are only in an early stage. As such, demography today occupies a surprisingly small place in international development policy debates.

This opens the field for new ideas and for thinking outside the box. One potential starting point is Ziqian Feng’s Master’s thesis at the University of St. Gallen, 2020, in which she tries to apply a demographic lens to answer the following question:

“To what extent do development strategies capture the upcoming demographic dividend in Nigeria, Democratic Republic of the Congo and Ethiopia?”

The following paper “Switzerland’s Development Strategies for Sub-Saharan Africa: A View through the Lens of Demography” is a condensed version of this thesis.

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Switzerland's Development Strategies for Sub-Saharan Africa

A View through the Lens of Demography

Ziqian Feng

A remarkable global population dynamic change is on its way – Africa is growing, very fast. If one just looks at the projected rise of the three most populous SSA countries (Nigeria, the DRC and Ethiopia), one can see that year 2020 represents just the beginning of a significant growth. According to the concept of “demographic dividend,” a growing working-age population denotes great economic growth potential – which in many African countries’ cases, given the projected timelines, is still very much capturable. This is where this paper is relevant. Identifying “Health,” “Education,” “Local Employment” and “Migration” as the four crucial components for realizing the demographic dividend, this paper introduces a qualitative Demographic-Dividend-Relevancy (DDR) Tool for policy review and discusses recent Swiss international development strategies in Nigeria, the DRC and Ethiopia through the lens of demography. It invites answers as to how Switzerland, with its limited budget and other resources, can best tap into the opportunities presented by its demographically booming African partners and efficiently and effectively overcome associated challenges, all the while never losing sight of the importance of culture in facilitating cooperation.

Author's note: This position paper is based on the author's Master's thesis: *To what extent do development strategies capture the upcoming demographic dividend in Nigeria, Democratic Republic of the Congo and Ethiopia?* (University of St. Gallen, 2020).

The author would like to acknowledge and thank Dr. med. Hans Groth, Chairman of the World Demographic & Aging Forum (WDA Forum) in St. Gallen, Switzerland, for his support and guidance in the production of both the above-mentioned thesis and this paper.

People are the base and driving force of a country.

A rising population brings exciting growth opportunities as well as challenges. With adequate prior planning and in-time support delivery, the latter can be mitigated and the former captured. One of the concepts elaborating on the capture of population potential is **demographic dividend**.

Demographic dividend explores the benefits a change in demographic structure can bring. There are currently three types of demographic dividend in scholarly discussion: the first, the second and the third (see the box). For fast growing young populations, the first and second dividends are the most pertinent; for aging communities, the third becomes a tangible agenda.

The **first demographic dividend** refers to the economic growth potential associated with the change in a population's age structure, when its share of working-age population (aged 15 to 64 years) exceeds its share of non-working-age, or dependent, population (aged under 14 years, and 65 and older); its time window is limited (Mason, 2005).

The **second demographic dividend** is a result of capital accumulation during one's working years, fueling "capital deepening and more rapid growth in output per worker" when invested in the domestic economy, and "an improvement in the current account and an increase in national income" when invested abroad (Mason, 2005, direct quotations from p. 84).

The **third demographic dividend** denotes the potential societal benefit from a larger population of older and aging adults with their generative social capital (e.g. via knowledge contribution) (Fried, 2016).

Should one mention "fast growing young populations," Sub-Saharan Africa (SSA) jumps to mind. With a median age of 18.7 years in 2020, the region is set to rise from a 1.09 billion headcount in 2020 to a 3.77 billion headcount in 2100, corresponding to 14.03% of the total world population in 2020 and 34.71% in 2100, per the United Nations (UN) *World Population Prospects (WPP) 2019* median fertility variant projection (United Nations, Department of Economic and Social Affairs, Population Division, 2019).

Figure 1 exhibits the population dynamic among continents for the remaining decades of this century. SSA is the main contributor to Africa's total population.¹ Figure 2 further hones in on the three most populous SSA countries (Nigeria, the Democratic Republic of the Congo (DRC) and Ethiopia) and benchmarks them against China² and India, the two most populous countries in the world currently.

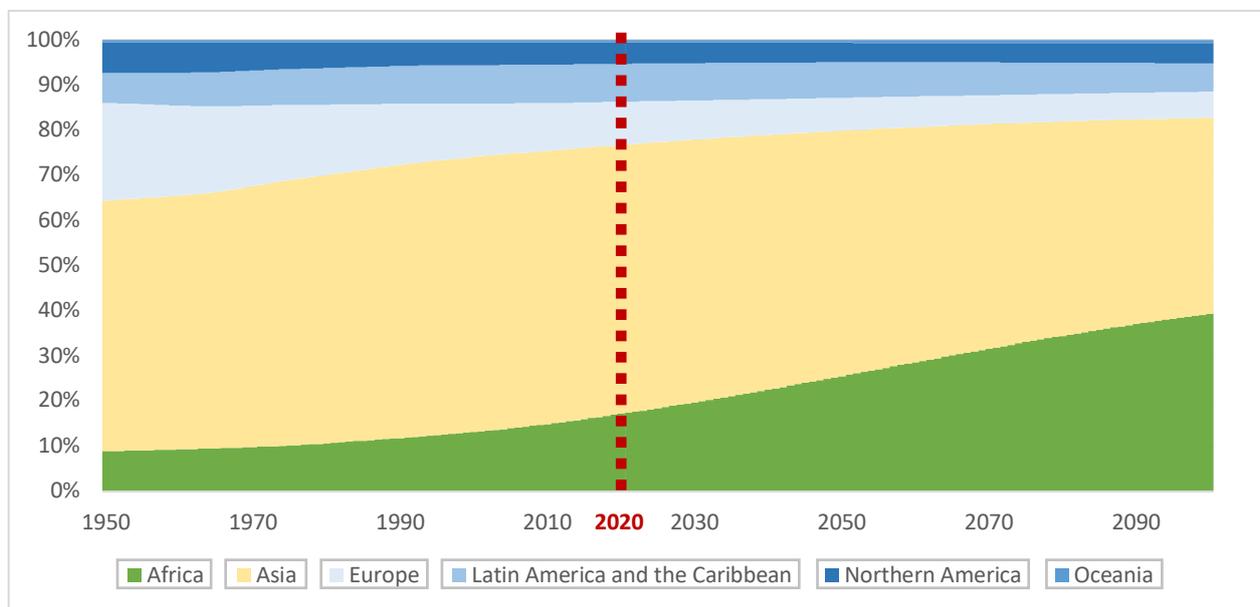
¹ One may compare the following statistics of Africa to the ones of SSA aforementioned: in 2020, the median age of Africa was 19.7 years, and its total population stood at 1.34 billion, which was 17.19% of the total world population; in 2100, per the UN *WPP 2019* median fertility variant projection, its total population will rise to 4.28 billion, covering 39.35% of the total world population (United Nations, Department of Economic and Social Affairs, Population Division, 2019).

² "China" in this paper stands for the statistical categorization "China" used in the UN *WPP 2019*, the data for which, according to the notes in the UN *WPP 2019*, do not include Hong Kong and Macao, Special Administrative Regions (SAR) of China, and Taiwan Province of China.

What can be seen is that population-wise, Africa as a continent will rise up significantly while Asia is going to witness a remarkable drop in its global weight by the end of the century – its population powerhouse China is going to be overtaken by the three most populous SSA countries combined in 2080, and India, having surpassed China in 2027 to become the world’s number one in 2027, is to enter its own decline phase in 2060. Indeed, Europe, Northern America, Latin America and the Caribbean are also all going to face a decline in the percentage of the total world population they represent, with Europe further expecting an absolute decline in population of around 118 million from 2020 to 2100, all per the UN *WPP 2019* median fertility variant projection.

Strong social, political and economic implications are manifest and unignorable.

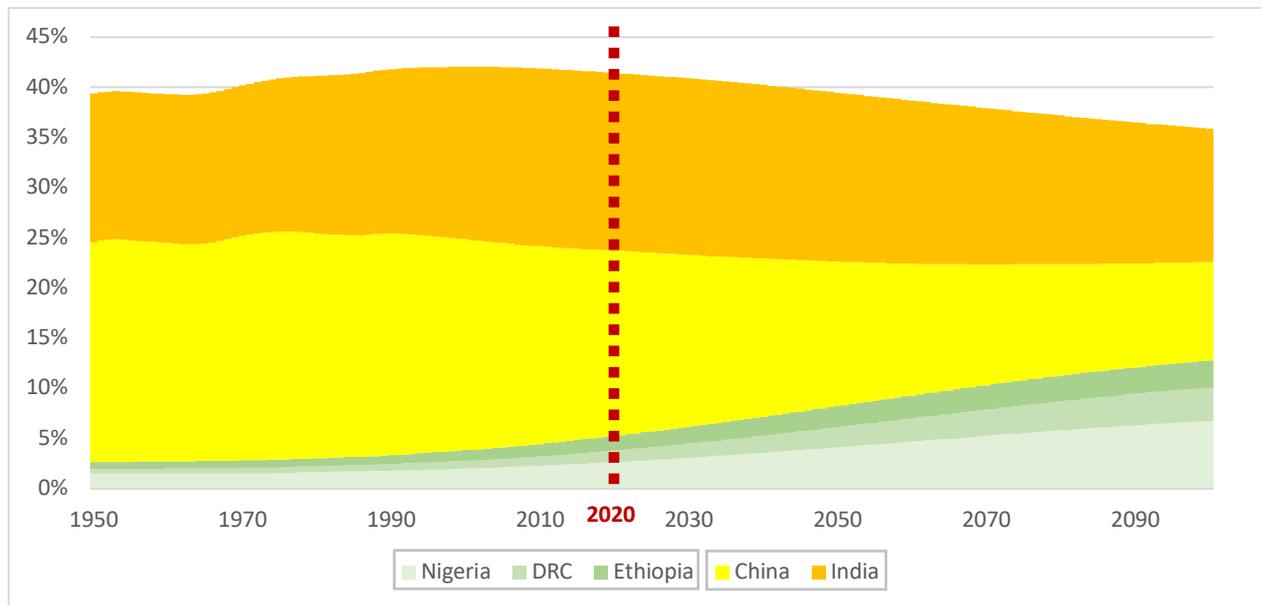
Figure 1.
Percentage of World Population by Continent (WPP 2019 median fertility variant projection for 2021–2100)



Note. This graph was created by the author based on data from United Nations *World Population Prospects 2019, Online Edition. Rev. 1.*

Figure 2.

Percentage of World Population of Nigeria, the DRC, Ethiopia, China and India (WPP 2019 median fertility variant projection for 2021–2100)



Note. This graph was created by the author based on data from United Nations *World Population Prospects 2019, Online Edition, Rev. 1.*

What does this mean for Switzerland?

Switzerland, through the international development work of its Swiss Agency for Development and Cooperation (SDC) and its State Secretariat for Economic Affairs (SECO), has had many partners in Africa. The upcoming demographic rise of Africa provides an exciting opportunity for economic growth and human development, should the relevant stakeholders be ready to seize it.

As the first demographic dividend is the most imminent, hence most relevant, demographic dividend in the current African context, the following paragraphs will focus on this type.

In the author's Master's thesis *To what extent do development strategies capture the upcoming demographic dividend in Nigeria, Democratic Republic of the Congo and Ethiopia?* (University of St. Gallen, 2020), a Demographic-Dividend-Relevancy (DDR) Tool was developed to assess international development strategies through the lens of the first demographic dividend, honing in on the promise a higher working-age to dependent population ratio³ may bring.

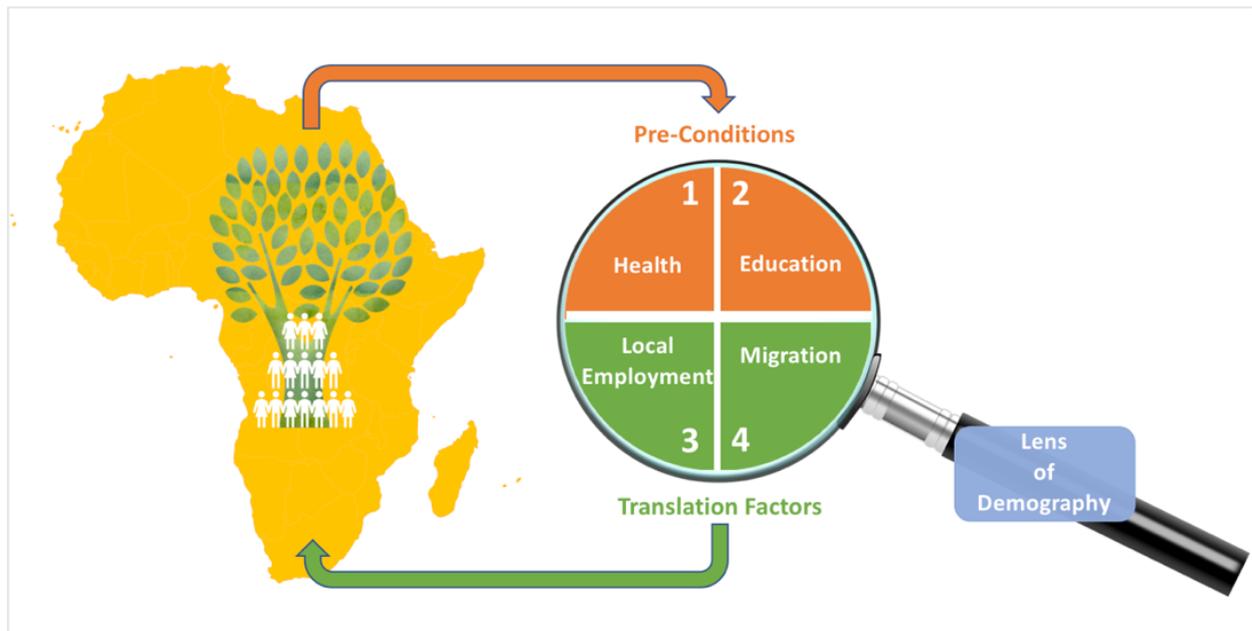
In this DDR Tool, "**Health**" and "**Education**" have been identified as being the "**Pre-Conditions**"; in order to have a physically fit and skilled working-age workforce, people's health needs to be sustained from the moment of birth and education needs to be obtained. "**Local Employment**" and "**Migration**" have been identified as being the "**Translation Factors**," actively translating the growing human capital into productive surplus.⁴

Fertility, though an element highly stressed by scholars including John F. May and Jean-Pierre Guengant in their newly released book *Demography and Economic Emergence of Sub-Saharan Africa*, is noticeably not included here as this DDR Tool concerns itself solely with the development and the unleashing of potential productivity once an individual has been born, not the family structure and planning leading to that birth. It is to be noted that a country's fertility level can be influenced by many factors, and that the relatively long lag between the mortality decline and the fertility decrease has been one feature of the African continent that has kept its countries' demographic transition patterns distinct from those of most other developing countries in the 20th century (Groth & May, 2017, pp. 1–2).

³ The working-age to dependent population ratio here is based upon the age categories and takes into account the *employed-or-not* and *how-much-income* aspects of the working age when considering demographic dividend capture. Groth et al. (2019) pose three dependency ratios worthy of reference here, which are the **demographic dependency ratio** that is based on the age divide, the **employment dependency ratio** that disregards the age background and benchmarks the unemployed against the employed, and the **socioeconomic dependency ratio** that considers even employed and income-receiving people as dependent, if their income is lower than their consumption. These dependency ratios, with their differing levels of stringency, offer different points of entry into the discussion on population dependency and demographic dynamics.

⁴ For more detailed description of the DDR Tool and the reasonings behind, see Section 3.1 of Feng (2020).

Figure 3. Africa’s Development through the Lens of Demography (Applying the DDR Tool)



This tool is vertically integrated, encompassing both the supportive pre-conditions and the active translation factors, and horizontally expansive, open to both domestic and international choices. It clearly delineates four areas apt for policy engagements and calls for systematic review under the framework of demographic dividend. It is qualitative in nature as a focus tool – hence great for policy makers wanting to see actions or impacts in concentration – but is also fit for application alongside quantitative endeavours.

By applying this DDR Tool to recent Swiss international development strategies in Nigeria, the DRC and Ethiopia, Table 1 (below) was obtained.⁵

Given Switzerland’s long-standing commitment to humanitarian solidarity in the sphere of its international development cooperation – as enshrined by Article 54(2) of its Federal Constitution⁶ – it came as no surprise that both pre-conditions, elements of basic human development, have been addressed in the three examined SSA countries, with more focus on health as demanded by the specific local fragile contexts. Local employment and migration have

⁵ Feng (2020) has also evaluated EU international development strategies in Nigeria, the DRC and Ethiopia via the DDR Tool. See Feng (2020) for full results and comparison.

⁶ Article 54(2) of Switzerland’s Federal Constitution states that Swiss Confederation “shall in particular assist in the alleviation of need and poverty in the world and promote respect for human rights and democracy, the peaceful co-existence of people as well as the conservation of natural resources.”

been areas that gained momentum in the 2010s, yet with two ways of flow – an increasing recognition of the importance of (decent) jobs for reducing local poverty has prompted Switzerland to explore the solution space of “local employment,” while heightened Swiss attention on migration (propelled by high numbers of irregular migrants into Switzerland from certain countries of origin or transit) has focused for a large part on the return and readmission agreements with the African countries, a movement flow counter to that of the DDR Tool’s imagination.

Therefore, under the overarching goal of **poverty reduction and sustainable development**, Switzerland, like its EU counterpart, has via its international development strategies **facilitated the capture of the upcoming demographic dividend in the three SSA countries by supporting the local pre-conditions, especially health, and to a certain level and in various ways the translation factor of employment, mainly domestic employment.**

Table 1.
Swiss Development Strategies via the DDR Tool

Swiss Development Strategy	Pre-Conditions		Translation Factors	
	Health	Education	Local Employment	Migration
<i>Overarching:</i>				
Dispatch 2021–2024	■	■	■	■
Dispatch 2017–2020	■	■	■	■
<i>Regional-Level:</i>				
Regional strategy for the Lake Chad	■	□	□	□
Regional strategy for the Great Lakes	■	■	■	■
Regional strategy for the Horn of Africa	■	■	■	■
<i>Country-Level:</i>				
Bilateral Switzerland–Nigeria	■	■	■	■
Bilateral Switzerland–DRC	■	■	■	■
Bilateral Switzerland–Ethiopia	■	■	■	■

- = top-level priorities as identified in strategy papers
- = non-top-level but associated priorities or activities as identified in strategy papers
- = background colour

Note. The colours and the structure of this visual presentation of the DDR Tool are inspired by Table 4.1 in the 2018 IOB Study *Transition and inclusive development in Sub-Saharan Africa* on p. 107.

A few takeaways for potential future Swiss development strategies in the SSA countries:

First of all, the four elements of “Health,” “Education,” “Local Employment” and “Migration” presented by the DDR Tool are good reference points for consideration. Actors can either adopt universal approaches or focus on one or a few and work in concert with other actors. Integrated action plans that foster symbiotic progress among the elements may be explored. Contexts (e.g. national strengths and weaknesses, current events) are also to be factored in.⁷

Secondly, the Swiss development ideology of addressing the “root causes,” including the root causes of poverty and the root causes of irregular migration, will remain relevant in the upcoming effort for a demographic dividend, as such interventions often tackle different aspects at once and have positive spill-over effects. Just as the DDR Tool is composed not of one but of four elements across two intervention time categories, the optimal solutions to the coming development challenges will also be of an integrated nature that can set off a positive chain reaction.

While the examples here are limited to Nigeria, the DRC and Ethiopia, Swiss policymakers can use the DDR Tool for evaluating *any* projects on their contribution to the capture of the first demographic dividend in the project country.

Lastly, given the size of Switzerland and its budget, its quantitative impact in international development may be limited, but it can always ensure its **qualitative** action profile to be world-leading and inspiring. Now the world is watching Africa grow, with both huge opportunities and challenges – how will Switzerland set an example?

⁷ For example, as explained earlier, the specific fragile contexts in the SSA countries examined have prompted greater focus on health by the local Swiss international development cooperation. It is also to be noted that while a population growth outlook for the coming decades is shared among these three SSA countries, differences, sometimes remarkable differences, exist in their current situations regarding health, education, employment and migration – see Section 4 of Feng (2020) for a more detailed comparison of different local contexts in Nigeria, the DRC and Ethiopia.

Outlook

The world demographic dynamic is to undergo a significant shift in the coming decades, with Africa taking the lead in population growth. The concept of demographic dividend blueprints huge economic growth potential amidst a population boom, but it is only a conceptualized *potential*, which may or may not turn into a *reality*. Much work – considering social, cultural, economic, political as well as ecological (e.g. climate, water and other natural resources) aspects – needs to be done to solve the problems of the time and to build and/or maintain an adequately supportive macro environment.

As a 2020 report by the Population Institute stated:

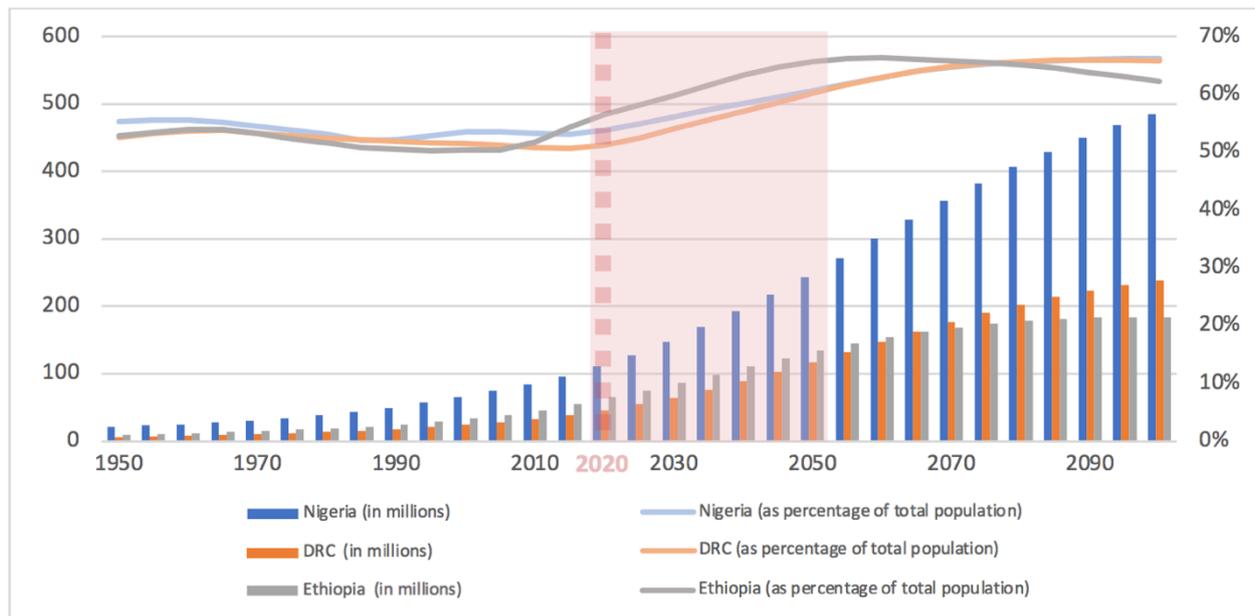
Long before this century is over, Africa will have largely exhausted its oil and mineral wealth. If, by that time, Africa has failed to realize a demographic dividend, many countries on the continent will not have a viable economy or a strategy for achieving it. Poverty, hunger, and instability will persist, and *the world—not just Africa* [emphasis added]—will be poorer for it. (p. 22)

The opportunities and challenges presented by the upcoming population growth in Africa concerns not only Africa itself but also the whole globe. In a globalized world like that of today, nothing is insulated within one country. When appropriately unlocked, this demographic dividend potential will bring significant economic growth and human capital development to Africa, and potentially also to other parts of the world via global partnership and exchange. On the other hand, failure to address the needs of a growing working-age population may risk causing local social instability and creating spill-over effects in neighbouring countries and beyond (e.g. via legal or illegal migration).

Figure 4 takes the examples of Nigeria, the DRC and Ethiopia again to exemplify the significant increase in working-age population in these three SSA countries – such a rise is especially “significant” against the backdrop of demographically stagnating or shrinking Organization for Economic Cooperation and Development (OECD) countries and emerging markets. From 2020 to 2050, the 15–64 age group in the three countries is going to increase by over 273 million, but the clock is ticking; around 2060, Ethiopia will be the first among the three to reach its peak working-age percentage, followed by a percentage decline thereafter and a decline in absolute working-age headcount some 35 years later (United Nations, Department of Economic and Social Affairs, Population Division, 2019, median fertility variant projection). Reviews of development strategies are urgently needed to ensure the timely consideration of factors relating to the demographic dividend.

Figure 4.

Working-Age Population (15–64) in Nigeria, the DRC and Ethiopia (WPP 2019 median fertility variant projection 2025–2100)



Note. This graph was created by the author based on data from United Nations *World Population Prospects 2019, Online Edition. Rev. 1.*

This paper focuses on the *first* demographic dividend and the *orientation* of *international* development strategies. Further explorations on the topics of 1) the second and third demographic dividends and their implications for development strategies, 2) domestic development strategies, and 3) strategy implementation, may help paint a fuller picture of the interplay between demographic change and population development, thereby informing more effective policymaking. Furthermore, culture, as a contextual key, requires genuine attention, and development practices of other stakeholders both domestically and internationally may also be taken as references and inspirations for further development and cooperation actions.

The 21st century is a century of change, of opportunities as well as of challenges. While Covid-19 has caused acute changes in our lives in the past months, the more gradual shift in world population dynamics will also reshape many facets of our lives, from economy to community. Switzerland's development endeavour "for a world without poverty and in peace, for sustainable development" (SDC & SECO, 2017, p. 3) will then be likely requiring new sets of tools and insights to maintain and increase its relevancy and effectiveness.

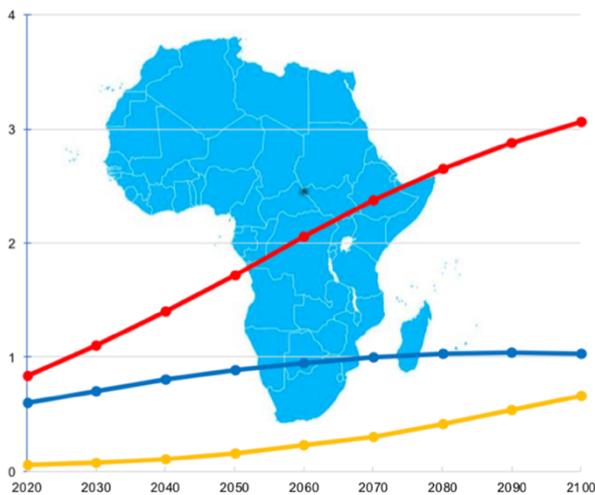
So, the question is, are we going to stay sitting and wait to be surprised by the upcoming changes, or are we going to get on our feet now and be prepared?

Addendum

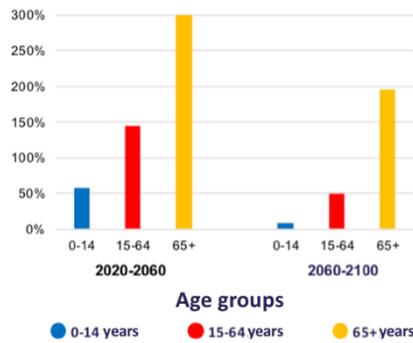
Below are excerpts taken from WDA Forum's 2019 PowerPoint slides, "Die Demografie des 21. Jahrhunderts" (originally in German, translated into English by the author); the slides were provided by Dr. med. Hans Groth via personal communication on February 20, 2021.

Africa

Population (billions)



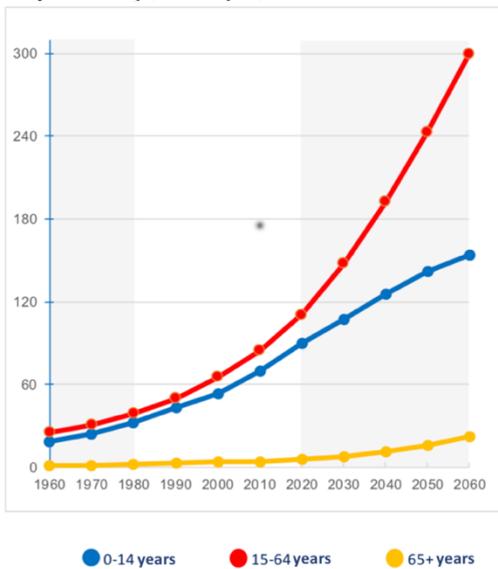
Change in age groups (%)



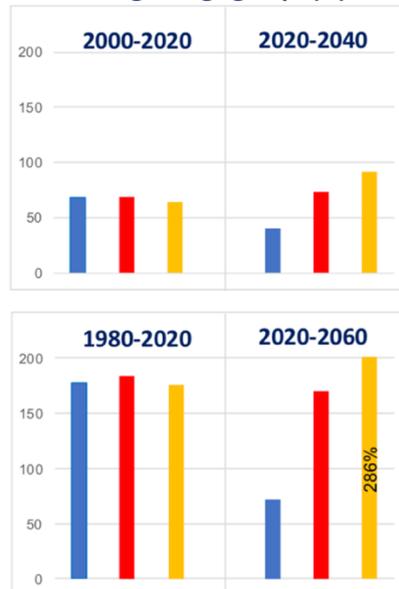
Source: UN Population Division, World Population Prospects, 2019 Revision

Nigeria

Population (millions)



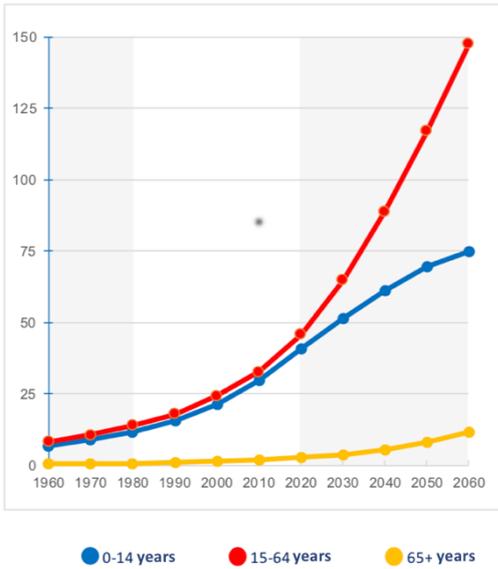
Change in age groups (%)



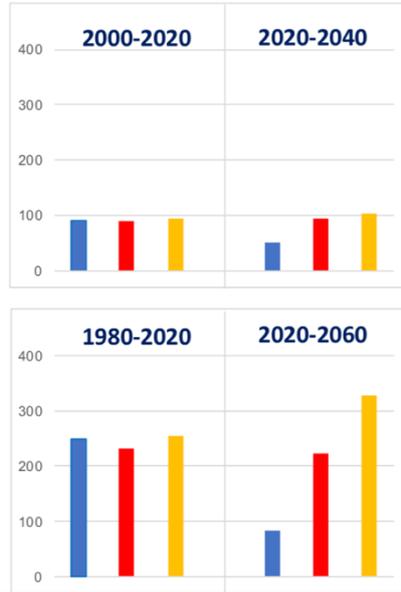
Source: UN Population Division, World Population Prospects, 2019 Revision

Democratic Republic of the Congo

Population (millions)



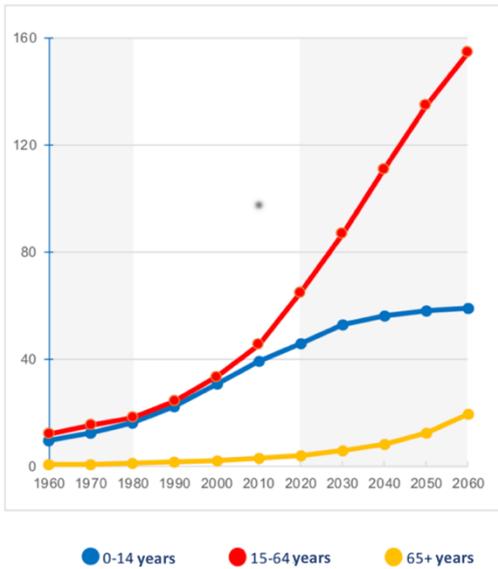
Change in age groups (%)



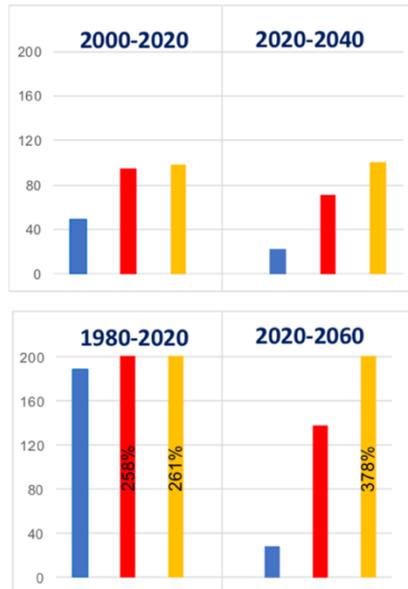
Source: UN Population Division, World Population Prospects, 2019 Revision

Ethiopia

Population (millions)



Change in age groups (%)



Source: UN Population Division, World Population Prospects, 2019 Revision

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About the WDA Forum

As a think tank, the WDA Forum actively shapes the discussion on demographic topics. We work closely with the Institute of Insurance Economics at the University of St. Gallen as well as other educational and research institutions including the Harvard T.H. Chan School of Public Health in Boston, Stanford University in California, the American Enterprise Institute in Washington, D.C., the Population and Ageing Centre at the University of New South Wales in Sydney, Fudan University in Shanghai, and the swissnex network of science and technology.

The WDA Forum was founded in 2002 and is based in St. Gallen, Switzerland.

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