

YOUTH AND THE 'DEMOGRAPHIC DIVIDEND'

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1. Preamble

In terms of production and consumption, each age group in a population behaves differently, with distinct economic consequences. It is known that in all societies, the young (below 15 years) require intensive investment in health and education, prime-age adults (15-64 years) supply labor and savings, and the aged (65 years and above) require health care and retirement income. When the relative size of each of these groups in a population changes, so does the relative intensity of these economic behaviours. This matters significantly to a country's income growth prospects and consequent socio-economic development. It is therefore, of policy significance, to take a broad view of population in relation to development and the complex relation between economic and human development must factor these effects of changing age structure into decisions about a country's future.

In countries at the beginning of demographic transition, where mortality and fertility rates are beginning to fall (South Central Asia and much of sub-Saharan Africa, for example), there is an opportunity for governments to capitalize on the impending demographic transition, where the number of working-age adults grows large relative to the dependent population and potentially acts as a major economic spur. However, if the appropriate policy environment is not in place, particularly to educate and provide appropriate skills training for the youth who are the product of pre-transition high fertility, unemployment and instability may result, and health, education, and social welfare systems may undergo unbearable strain (Bloom, et al., 2002). It is the complex interactions between these demographic and socio-economic variables that have given rise to the notion of 'Demographic Dividend' in the literature.

2. What is 'Demographic Dividend'?

As generally defined, demographic dividend occurs when a falling birth rate changes the age distribution, so that fewer investments are needed to meet the needs of the youngest age groups and resources are released for investments in economic development and family welfare (John Ross, 2004). It is generally

acknowledged that an early stage of demographic transition, fertility rates fall, leading to fewer young mouths to feed. The demographic dividend most often occurs in countries late in the demographic transition, when birth rates are falling. Resources shift from dependent children and elders to youth—the age group that comprises the bulk of the productive labor force. While the large number of youth can put pressure on schools, labor markets, and services, it has been noted that the declining dependency ratios of the demographic dividend also allow for increased investment in education and family welfare (Mattias Lundberg and David Lam, 2007).

The demographic dividend is delivered through a number of mechanisms; the three most important are labour supply, savings, and human capital. However, it is one thing to have the dividend, but taking advantage of it is another matter.

a) Labour supply

The demographic transition affects labor supply in several ways: First, the high rate of population growth during the transition phase accelerates the supply of new entrants into the labour market. During this period, the labor force temporarily grows more rapidly than the population dependent on it, freeing up resources for investment in economic development and family welfare. The number of people who would like to work (labor supply) therefore gets bigger and, provided the labor market can absorb the larger numbers of workers, per capita production increases. In addition, women are more likely to enter the workforce as family size declines. This effect is magnified by the fact that, adult women themselves more likely to have been brought up in small families, they are more likely to be educated. This increases their productivity in the labour market, leading towards a stronger workforce and smaller families.

Other things being equal, per capita income grows more rapidly, providing a window of opportunity. This is referred to as the *first dividend*, and lasts for about five decades or so, in time, however, the age distribution of population changes again, as the large adult population moves into the older, less-productive age groups and is followed by the smaller age cohorts born during the period of fertility decline. The old age dependency ratio (ratio of elderly people to adults in the working age) rises again, now involving the need to provide and care for the elderly, as opposed to taking care of the young people. Eventually, lower fertility reduces the growth rate of the labour force while continuing improvements in old-age mortality speed growth of the elderly population. At this point, other things being equal, per capita income grows more slowly and the first dividend turns negative (Ronald Lee and Andrew Mason, 2006).

There is also the possibility of a *second dividend*, arising from an increasing number of older work force and extended retirement benefits. A population concentrated at older working ages and facing an extended period of retirement

has a powerful incentive to accumulate assets. Whether these additional assets are invested domestically or abroad, national income rises.

In short, the first dividend yields a transitory bonus, and the second transforms that bonus into greater assets and sustainable development. These outcomes are not automatic but depend on the implementation of effective policies. Thus, the dividend period is a window of opportunity rather than a guarantee of improved standards of living. The dividends are sequential: the first dividend begins first and comes to an end, and the second dividend begins somewhat later and continues indefinitely. Studies have shown that the second dividend has typically been larger than the first, and they certainly overlap. The first and second dividends both had positive effects between 1970 and 2000 (see table 1), except in sub-Saharan Africa. The fact is that demographic pressures are eased whenever fertility falls, but some countries will take better advantage of that than others.

Table 1: How big are the dividends?

Demographic Dividends: contribution to growth in GDP/N¹				
	First	Second	Total	Actual growth in GDP/N¹
Industrial economies	0.34	0.69	1.03	2.25
East and Southeast Asia	0.59	1.31	1.90	4.32
South Asia	0.10	0.69	0.79	1.88
Latin America	0.62	1.08	1.70	0.94
Sub-Saharan Africa	-0.09	0.17	0.08	0.06
Middle East and North Africa	0.51	0.70	1.21	1.10
Transition economies ²	0.24	0.57	0.81	0.61
Pacific Islands	0.58	1.15	1.73	0.93

Source: Andrew Mason, 2005, "Demographic Transition and Demographic Dividends in Developed and Developing Countries," United Nations Expert Group Meeting on Social and Economic Implications of Changing Population Age Structures (Mexico City).

¹Actual growth in GDP per effective consumer (GDP/N), 1970–2000, in percent a year. The effective number of consumers is the number of consumers weighted for age variation in consumption needs.

²Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, FYR Macedonia, Moldova, Mongolia, Poland, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

What are the policy implications? The generations of children born during periods of high fertility (baby boomers) finally leave the dependent years and can become workers, *provided* that good policies (preferably in place before the demographic transition) are required to educate and train them so that they are not just employed. If wise policies by government to create more jobs and thereby seize upon the “dividends” of changed age distribution are not adopted, the country may have to struggle with the negative fall-outs of mass unemployment of young people. Again, women now have fewer children than

before the demographic transition; they are therefore released to take jobs outside of the home (provided there are no policies inhibiting female participation in modern industrial enterprises as in many Muslim countries). In addition, women tend to be better educated than older cohorts and are therefore more productive in the labour force, unless the policy/social environment limited the active participation of women in the educational system due to gender discrimination.

b) Savings

The demographic transition could also encourage the growth of savings, thus improving a country's prospects for investment and growth. It is well known that, in general, the young and the old tend to consume more than they produce, whereas working-age people tend to have a higher level of economic output and also a higher level of savings. Further, people tend to save more between the ages of 40 and 65, when they are less likely to be investing in their children and the need to prepare for their retirement is more pressing. So when large numbers of baby boomers (those born during the period of high fertility, the pre-transition stage) start hitting their 40s, national savings will tend to rise. Incentives to make certain choices can reinforce this tendency to save among the new young baby boomers. Improved health, and longevity, encourages people to save. A healthy population must plan far in advance if it is to maintain its standard of living through decades of retirement. The dividend can thus be summed up as follows:

- Working-age adults tend to earn more and can save more money than the very young. The shift away from a very young age distribution favors greater personal and national savings.
- The ability to save money is even greater when individuals born during periods of high fertility move into their 40s, when their own children are mainly on their own and require less support.
- Personal savings grow and serve as a partial resource for industrial investments that fuel economic growth (Ross, 2004).

c) Human Capital

Research works have demonstrated that the demographic transition has significant effects on investments in human capital; effects, which are the least tangible, but, may be the most significant and far-reaching.

Typically, the demographic transition begins with reductions in mortality rates, resulting in a healthier population and consequent increased longevity. A longer life expectancy causes fundamental changes in the way that people live. Attitudes about education, family, retirement, the role of women, and work all tend to shift. A society, especially if it is taking full advantage of the demographic dividend, is certain to experience deep-rooted changes in its culture, as its people become more valuable assets. As life expectancy increases, parents are likely to choose to educate their children to more advanced levels. Healthier

children, in turn, tend to experience greater cognitive development per year of schooling than their less healthy counterparts. The result of this educational investment is that the labor force as a whole becomes more productive, promoting higher wages and a better standard of living. Women and men therefore tend to enter the workforce later, partly because they are being educated for longer, but they are likely to be more productive once they start working (Bloom, 2002).

Regarding human capital formation, Ross (2004) has also argued that having fewer children (the fertility transition experience) enhances the health of women. Their participation in the labor force, in turn, enhances their social status and personal independence. They tend to have more energy to contribute both to their families and to the society. Parents are under less strain to provide for many children. In surveys both men and women often cite economic pressures as their reason for using contraception. Family income can be focused more upon better food for infants, including girls, who are often given less to eat. Incomes can go toward prolonged education for girls, and for teenagers of both sexes to improve their life prospects.

However, for this demographic dividend to materialize, there must be in place a conducive policy environment, including:

- Sufficient flexibility in the labor market to allow its expansion,
- Macroeconomic policies that permit and encourage investment;
- Access to adequate saving mechanisms plus confidence in domestic financial markets;
- Access to reproductive health services and facilities;
- An environment where high-quality health and education provision is possible

3. Current Situation

3.1 Overview

Research report (Ross, 2004) shows that in terms of demographic dividend, the three major developed regions of the world have already peaked (in 2000), while Asia and Latin America have until 2020 to enjoy a rising percentage of the population in the labor force. Sub-Saharan Africa is the extreme case—if fertility continues to fall it will experience gains well past 2040. Beginning in 1950, East Asian countries moved quickly through falling fertility rates that resulted in a change in the percentage of their populations in the working age group. Their dividend opportunity rose quickly during the next fifty years. It is peaking just now and will fade steadily as their populations age. Their window of opportunity is beginning to close. Sub-Saharan Africa, on the other hand, is just now starting to enter its window, under the assumption of declining fertility rates over the next several decades. If those declines come to pass, and if the governments involved take the necessary actions (effective education and skills development

programme, flexible labour market, gender - sensitive planning) to some extent, those of East Asia, the dividends may become real rather than potential.

3.2 South Africa

For South Africa, evidence shows that overall demographic transition may have started. Among segments of the population, it is easier to be conclusive. The fertility of the white population (TFR 1.9 in 1998) mirrors fertility trends in the more developed world, where the transition from high to low fertility has been completed. The Asian and the coloured population, with TFR of 2.5 in 1998, have almost completed their fertility transition. However, among the black population (African) that makes up 79% of the total, the level of TFR was about 7.0 by 1950, but started to decline after 1960 reaching 4.5 by mid-1908s, and 4.0 by 1990, down to 3.1 in 1998. However, among the non-urban African population, the TFR was 4.0 in 1998. This rather unequal demographic experience among the racial groups in South Africa suggests that government would have to adopt slightly different strategies to tap the dividends of demographic transition in the population (SADHS, 2002).

Results of projections exercise undertaken by the Development Bank of South Africa (2002) suggest that in absolute numbers, children under the age of 15 are expected to increase from 11.6 million (40% of total population) in 1980 to 21 million (38%) in 2005. Deriving from that, the potential economically active population (age group 15-64) is projected to grow from 17 million (56%) to about 30 million (54%) over this period. Unfortunately, the country could not take advantage of this demographic dividend, as the formal economy is unlikely to be able to provide employment for the new labour market entrants. In 1999, for example, only 8.4% of the new entrants could be accommodated, resulting in widespread unemployment, especially in non-urban areas inhabited mostly by African population. This is a clear example of opportunity lost in capturing a demographic dividend. However, given that the African population is still experiencing demographic transition, future plans should be geared towards a comprehensive programme of education and skills development that is responsive to the dynamics of South Africa's labour market.

4. Policy impulses

For large youth populations to translate into economic growth, government and the international community must provide more opportunities, capabilities, and second chances for young people. Opportunities should be coupled with education about alternatives to early marriage, proper nutrition, and family planning, apart from provision of health care, education services, etc. Fostering the conditions for individual decision-making and creating proper incentives could lead to better outcomes for youth. For example, greater individual decision-

making could increase the percentage of women who know that condoms prevent HIV/AIDS, as well as the percentage that use them (Mattias Lundberg and David Lam, 2007).

For the demographic dividend to materialize, there must be in place a conducive policy environment, including: sufficient flexibility in the labor market to allow its expansion through creation of adequate employment opportunities; macroeconomic policies that permit and encourage investment; access to adequate saving mechanisms plus confidence in domestic financial markets; access to reproductive health services and facilities and; an environment where high-quality health and education provision is possible.

5. Towards a Youth Focused Development Strategy

5.1 Introduction

The largest generation of young people in history – 1.2 billion strong - is preparing to enter adulthood – in a rapidly changing world. This poses huge challenges and tremendous opportunities. Decisions taken - or opportunities missed-today will reverberate for generations to come. A clear youth bulge marks the demographic profile of most cities and towns in developing countries. Investing in young people in terms of their health, education and employment, will yield large returns for generations to come. It is up to all of us, as policy makers, civil society and governments, to reap the dividends that the demographic bulge of the youth presents to us.

The terms ‘adolescents’, ‘youth’, and ‘young people’ are used differently in various societies. These categories are associated –where they are recognized at all- with different roles, responsibilities and ages that depend on the local context. In South Africa, the National Youth Policy is directed toward young males and females aged from 14 to 35 years. In addition, the Policy segments the age category of "youth" so as to more accurately address the issues of particular groups. It recognizes that the issues faced by males and females aged 16 to 24 years are likely to be quite different than those who are 28 to 35 years.

For the purposes of this presentation, the commonly used definitions, in different demographic, policy and social contexts will be used. These are:

- Adolescents: 10-19 years of age
- Youth: 15-25 years of age
- Young people: 10-24 years of age

Nearly half the world's population- more than 3 billion people-are under the age of 25. About 20% are adolescents between the ages of 10 and 19. Eighty seven per cent of youth live in developing countries with 43 % of them living in the least developed countries. In 2000, adolescent and young people between the ages of 10 and 24 were 29% of the population in developing countries and 32% of the population in the least developed, compared to 20 % in developed

countries. Many of them are coming of age in the grip of poverty and facing the peril of HIV and AIDS. Nearly 45 per cent of all youth - 515 million - survive on less than \$2 a day.

Within the world of the young, adolescents are at a particularly formative stage. These 1.2 billion adolescents between the ages of 10 and 19 are brimming with energy and possibilities. Their minds are open to acquiring knowledge, learning skills and absorbing values. Their attitudes are still being shaped. They need vocational and life skills and access to sexual and reproductive health information and services, both for their own well-being and to participate more fully in their countries' development. By their 20th birthday, many adolescents have left school and home and have become sexually active, married and entered the labour force. Guiding the youth into responsible and healthy adulthood is not a responsibility of parents alone, but of society as a whole. They also derive more and more information about the world and how to behave from peers and the media. Through all these channels, we are presented with more than ample opportunities to not only influence their lives towards a better future, but also to reap the potential this will unleash.

5.2 The Challenges

5.2.1 Young People and health

Sexual and reproductive health has been defined by the international community as a state of complete physical, mental, and social well being, and not just the absence of disease or infirmity, in all matters relating to the reproductive system and to its functions and process. It is an essential component of young people's ability to become well-adjusted, responsible and productive members of society.

For many millions of young people, adolescence is a critical passage in which they gain life experience through schooling, job training, work experiences, community activities, youth groups and relationships. A majority also have their first sexual relationships during this time. With this come the perils of sexually transmitted diseases including HIV infection and AIDS, unwanted pregnancies, and the opportunities it presents for policy makers to address these issues to secure a healthy work force for the future.

Increasingly, HIV and AIDS has become a disease of the young, with young adults aged 15-24 accounting for half of the some 5 million new cases of HIV infection worldwide each year. An estimated 6,000 youth become infected with HIV daily – a new infection every 14 seconds – the majority of them young women. At the end of 2001, an estimated 11.8 million young people aged 15-24 were living with HIV and AIDS, one third of the global total of people living with HIV and AIDS. In Sub-Saharan Africa, 63% of those who were HIV positive in 2003 were between the ages of 15-24, with young women outnumbering young

men 3.6 to 1. Tragically, too, only a small percentage knows that they are HIV positive. This age group also has the highest rates (over 100 million episodes annually) of sexually transmitted infections excluding HIV. In addition, more than 13 million children under the age of 15 have lost one or both parents to AIDS. The overwhelming majority of these AIDS orphans live in Africa.

Young people and particularly young women are vulnerable to HIV infection for social, political, cultural, biological, and economic reasons. Whatever their circumstances, in order to protect themselves against HIV, young people need: Information, Skills, Youth-friendly health services and a safe and supportive environment.

The importance of preventing HIV infections among young people has been a consistent message in all HIV and AIDS related commitments to date, particularly ICPD+5, the Millennium Development Goals, and the Declaration of Commitment made at the 2001 United Nations General Assembly Special Session on HIV/AIDS (UNGASS). HIV prevention among young people is also one of the “Essential Programmatic Actions for HIV Prevention” in the UNAIDS Policy Position Paper Intensifying HIV prevention. Tackling this problem requires universal access to prevention, treatment, care and support programmes addressing youth needs. It requires a massive scaling up of the most effective programmes, as well as strengthening HIV prevention and treatment programmes simultaneously – building on existing synergies – to increase impact and ensure sustainability, based on the ‘Three Ones’ principles as follows:

- One agreed AIDS action framework that provides the basis for coordinating the work of all partners
- One national AIDS coordinating authority, with a broad-based multi-sectoral mandate
- One agreed country-level monitoring and evaluation system

National ownership of plans and priorities is the overarching theme of the Three Ones, which emphasize the idea that urgently needed responses should contribute to developing national capacity and fit into broader national development strategies. They are also fully aligned with ongoing efforts for UN reform, which aim to streamline and harmonize multilateral assistance, as well as with the Millennium Development Goals, which provide an internationally agreed upon framework for improving lives. Addressing HIV and AIDS permits governments, civil societies and communities to address poverty, gender based violence, education, employment and sexual and reproductive health services delivery.

5.2.2 Health Promotion for Demographic Dividend

Evidence suggests that better health facilitates improved economic production, and it points to the importance of policies to promote health during the demographic dividend. Some examples include:

- Insuring that infants receive good medical care.
- Protecting women's reproductive health (and enhancing their health knowledge, since they play the central role in the health of their families).
- Stressing the health of children and teenagers, to improve educational performance.
- Focusing especially on low-income populations, with strong public sector programs.

5.2.3 Unsafe abortion and unwanted pregnancy

Every year, some 14 million adolescent girls aged 15 to 19 give birth. The highest rates of adolescent fertility are found in sub-Saharan Africa and South Asia. Based on data from 56 countries, both urban and rural girls aged 15 to 19 from the poorest groups are three times more likely than their better-off peers to give birth in adolescence. They bear twice as many children, and are two to five times more likely to die from pregnancy-related complications than women in their twenties. Their babies are also less likely to survive. In every region of the world, rural girls have children earlier than urban girls, yet in the cities of Namibia, Nepal, Nicaragua and Nigeria, one in every five girls gives birth before her eighteenth birthday.

In addition, girls aged 15 to 19 accounts for at least one-fourth of the estimated 20 million unsafe abortions performed each year. A study among 20 to 29 year olds in Yaoundé, Cameroon found that 21 per cent of urban young women reported ever having an abortion and 29 per cent of urban young men reported ever having a girlfriend who terminated a pregnancy for which they were responsible. The study also noted that abortions obtained before the age of 20 were more likely to be self-induced or performed by an untrained person in unsafe circumstances than were abortions after the age of 20. Statistics in South Africa indicate that one in three girls has had a child by age 20. Limpopo province has the highest teenage pregnancy rates with 16.8% of girls admitting to a previous pregnancy.

The reasons for unwanted pregnancies vary and include lack of knowledge about the basic facts of reproduction, lack of information about contraceptives, contributing contraceptive failures, and gender based violence in the form of rape, sexual abuse and incest.

In order to reap dividend from our youth there is a need for a multi-sectoral approach which considers reproductive and sexual health issues as one aspect of personal development, with links to a range of other health and social services

including those that deal with employment, gender based violence, education and livelihoods programmes. There is also a need to include innovative programmes, which leverage the positive involvement of boys and men as partners in the struggle for equality and reproductive health. Evidence of the negative impact on the economy of the failure to address adolescent health issues is available for seven Caribbean countries. The data relates to the costs of adolescent pregnancies, for instance, compared with pregnancies after age 20. By not addressing health issues faced by older children and adolescents such as HIV, teen pregnancy, poor nutrition, investments in improving the health in children, and education an easily be dissipated.

In order to take advantage of the demographic dividend, governments should do all they can to extend services for family planning, with the public sector targeting services and resources to the poor while, at the same time, releasing the energies of the private sector to meet the needs of those who can afford to pay for family planning and other health services. Reducing unwanted pregnancies benefits maternal health and family welfare; it also hastens the changes in age structure that advance development.

5.2.4. Youth in the Context of Urbanization

The state of the world population 2007 report states that for the first time in history, more than half the human population, 3.3 billion people, will be living in urban areas by 2008. By 2030, this is expected to swell to almost 5 billion. The majority of these people will be poor. It is also estimated that as many as 60% of all urban dwellers will be under the age of 18 by 2030. Currently, a clear bulge marks the demographic profile of cities in developing countries this bulge is particularly large in the informal settlements or slum populations. If urgent measures are not taken in terms of providing basic services, employment and housing, the youth bulge will grow in poverty. Their living conditions can heighten the potential for conflict, crime and violence.

A particular concern is the proliferation of street children and homeless orphans. In urban areas, there is lack of the extended family support to look after the orphans. They thus become vulnerable to abduction, trafficking for sexual purposes, crime and drug abuse.

Breaking the cycle of poverty requires addressing young people's vulnerabilities and empowering them to be agents of change for development. Investing in young people is not only a priority for furthering human rights and poverty reduction, but could also bring about a demographic bonus. With higher investments in young people's education, reproductive health, job skills, employment and housing, these young people can be a source of increased productivity. A larger workforce and relatively fewer older dependants offers a unique opportunity for investment in economic growth as East Asian countries have found. Appropriate investments in young people can also reduce the risks

of violence, civil disorder, and crime and drug abuse. Education investments reduce risks if they are buttressed by the creation of jobs for educated youth. Investments in youth also save money in lost productivity and direct public expenditure- as a result of teen pregnancy, crime, HIV and AIDS, yielding long term dividends to societies and economies.

Though many countries have developed youth policies or programmes, few give the youth concerns the concerted and sustained attention they deserve. Even fewer give an opportunity for youth input in the policies and decisions that affect them. A rights based approach to poverty reduction requires the attention to the needs of the most vulnerable and most marginalized, including the voices of the youth themselves during policy deliberations. Engaging the youth assists in developing a positive self image in them, as well as developing a sense of belonging to society, allowing them to make positive contributions to their communities.

6. Global context for youth development

6.1 ICPD and Young People

Ensuring the health and well being of the world's young people, equipping them with life skills, creating educational and employment opportunities for them amongst others, are fundamental necessities in meeting the developmental challenges in the 21st century. The International Conference on Population and Development gave unprecedented attention to adolescents' diverse needs with regards to reproductive health, both as a human rights priority and a practical necessity. The ICPD advocates for addressing unwanted pregnancy, unsafe abortions and STIs including HIV and AIDS, through the promotion of responsible and healthy reproductive and sexual behaviours, including voluntary abstinence, provision of appropriate services and counseling for the age group. The ICPD programme of action also recognized that poor education and economic opportunities, gender based violence, early pregnancy and sexual exploitation increase the vulnerability of adolescents, especially girls. It has been in the forefront for advocating that Governments, international community, parents and families media etc be involved in meeting adolescent reproductive health needs. A global survey of governments by UNFPA in 2003 found that many developing countries have a strong sense of ownership of the ICPD agreement and have made concerted efforts towards implementing its recommendations and achieving its goals. Ninety six percent of countries have integrated population concerns into development policies to address population-poverty interactions. In this way countries are focusing resources and addressing priority needs including young people, actions that will yield benefits in the future.

6.2 Millennium Development Goals

The Millennium Development Goals (MDGs) are an important source of authority because they are widely viewed as reflecting a broad consensus in the international community. Most of the MDGs indirectly relate to young people because young people account for such a large share of the population in poor countries. Five goals explicitly refer to young people because their indicators cover activities in which mostly young people are engaged. These are the MDGs that relate to: education attainment (2), gender balance in education (3), improved maternal health (5), combating HIV and AIDS, Malaria and Tuberculosis (6) and employment opportunities for young people (8).

Investments in improving adolescent health will have a major impact in achieving Goal 4, improving maternal health and contribute to the attainment Goal 1: eradicate extreme poverty and hunger. The absence of a specific focus on adolescent sexual and reproductive health does not make the MDGs irrelevant on the issue. UNFPA advocates the need to highlight to policy makers the link between preventative action and involving young people in policy and programme designs and implementation and achieving the MDG targets on reducing child malnutrition, child mortality, maternal deaths and the spread of HIV.

7 In Summary

7.1 Demographic Dividend

In countries at the beginning of demographic transition, where mortality and fertility rates are beginning to fall (South Central Asia and much of sub-Saharan Africa, for example), there is an opportunity for governments to capitalize on the impending demographic transition, where the number of working-age adults grows large relative to the dependent population and potentially acts as a major economic spur. However, if the appropriate policy environment is not in place, particularly to educate and provide appropriate skills training for the youth who are the product of pre-transition high fertility, unemployment and instability may result, and health, education, and social welfare systems may undergo unbearable strain (Bloom, et al., 2002). It is the complex interactions between these demographic and socio-economic variables that have given rise to the notion of 'Demographic Dividend' in the literature.

The largest generation of young people in history – 1.2 billion strong - is preparing to enter adulthood – in a rapidly changing world. This poses huge challenges and tremendous opportunities. Decisions taken - or opportunities missed-today will reverberate for generations to come. A clear youth bulge marks the demographic profile of most cities and towns in developing countries. Investing in young people in terms of their health, education and employment will yield large returns for generations to come. It is up to all of us, as policy makers,

civil society and governments, to reap the dividends that the demographic bulge of the youth presents to us.

The available evidence shows that in terms of demographic dividend, the three major developed regions of the world have already peaked (in 2000), while Asia and Latin America have until 2020 to enjoy a rising percentage of the population in the labor force. Sub-Saharan Africa is the extreme case—if fertility continues to fall it will experience gains well past 2040. Beginning in 1950, East Asian countries moved quickly through falling fertility rates that resulted in a change in the percentage of their populations in the working age group. Their dividend opportunity rose quickly during the next fifty years. It is peaking just now and will fade steadily as their populations age. Their window of opportunity is beginning to close. Sub-Saharan Africa, on the other hand, is just now starting to enter its window, under the assumption of declining fertility rates over the next several decades. If those declines come to pass, and if the governments involved take the necessary actions (effective education and skills development programme, flexible labour market, gender-sensitive planning), the dividends may become real rather than potential.

For South Africa, evidence shows that overall demographic transition may have started. Among segments of the population, it is easier to be conclusive. The white population has already achieved demographic transition; between the Asian and coloured population the transition has almost been completed. However, among the black population (African) that makes up 79% of the total, fertility transition has just begun.

Results of projections exercise undertaken by the Development Bank of South Africa suggest that in absolute numbers, children under the age of 15 are expected to increase from 11.6 million (40% of total population) in 1980 to 21 million (38%) in 2005. Deriving from that, the potential economically active population (age group 15-64) is projected to grow from 17 million (56%) to about 30 million (54%) over this period. Unfortunately, the country could not take advantage of this demographic dividend, as the formal economy is unlikely to be able to provide employment for the new labour market entrants. In 1999, for example, only 8.4% of the new entrants could be accommodated, resulting in widespread unemployment, especially in non-urban areas (inhabited mostly by African population) aggravating the already high levels of social tension. Currently, unemployment is estimated to be as high as 40%. This is a clear example of opportunity lost in capturing a demographic dividend. However, given that the African population is still experiencing demographic transition, future plans should be geared towards a comprehensive programme of education and skills development that is responsive to the dynamics of South Africa's labour market.

8.2 Focusing on Youth for Development

Young people make up, nearly half the world's population- more than 3 billion people-are under the age of 25. In 2000, adolescent and young people between the ages of 10 and 24 were 29% of the population in developing countries and 32% of the population in the least developed, compared to 20 % in developed countries. Many of them are coming of age in the grip of poverty and facing the peril of HIV and AIDS. Nearly 45 per cent of all youth - 515 million - survive on less than \$2 a day, clearly a burden in most developing countries.

HIV and AIDS has become a disease of the young, with young adults aged 15-24 accounting for half of the some 5 million new cases of HIV infection worldwide each year. An estimated 6,000 youth become infected with HIV daily – a new infection every 14 seconds – the majority of them young women. Every year, some 14 million adolescent girls aged 15 to 19 give birth. The highest rates of adolescent fertility are found in sub-Saharan Africa and South Asia with girls aged 15 to 19 accounting for at least one-fourth of the estimated 20 million unsafe abortions. It also estimated that as many as 60% of all urban dwellers will be poor and under the age of 18 by 2030. Another growing concern is the proliferation of street children in urban areas and homeless orphans due to AIDS. They become vulnerable to abduction, trafficking for sexual purposes, crime and drug abuse.

In order to reap dividend from our youth there is a need for a multi-sectoral approach which considers reproductive and sexual health issues as one aspect of personal development, with links to a range of other health and social services including those that deal with employment, gender based violence, education and livelihoods programmes. There is also a need to include innovative programmes which leverage the positive involvement of boys and men as partners in the struggle for equality and reproductive health. Breaking the cycle of poverty will require addressing young people's vulnerabilities and empowering them to be agents of change for development. Investing in young people is not only a priority for furthering human rights and poverty reduction, but could also bring about a demographic bonus. The challenge is whether developing countries have the commitment to formulate and implement policies and programmes to reap the benefits arising from this window of opportunity.

With higher investments in young people's education, reproductive health, job skills, employment and housing, these young people can be a source of increased productivity. A larger workforce and relatively fewer older dependants offers a unique opportunity for investment in economic growth as East Asian countries have found. Appropriate investments in young people can also reduce the risks of violence, civil disorder, crime and drug abuse. Education investments reduce risks if they are buttressed by the creation of jobs for educated youth. Investments in youth also save money in lost productivity and direct public expenditure - as a result of teen pregnancy, crime, HIV and AIDS, yielding long

term dividends to societies and economies. Involvement of young people in policies and decisions, which affect them, assists in developing a positive self-image in them, as well as developing a sense of belonging to society, allowing them to make positive contributions to their communities.

The international community has put in policies and measures to assist developing nations reap the benefits of the demographic bonus. The International Conference on Population and Development gave unprecedented attention to adolescents' diverse needs with regards to reproductive health, both as a human rights priority and a practical necessity. It has been in the forefront of advocating that Governments, international community, parents and families media etc be involved in meeting adolescent reproductive health needs. Many countries are now focusing resources and addressing priority needs including those of young people, resulting in actions, which will yield benefits in the future. The MDGs focus the efforts of the world community on achieving significant, measurable improvements in young people's lives as demonstrated above. They establish yardsticks for measuring results, not just for developing countries but also for rich countries that help to fund development programs and for the multilateral institutions that help countries implement them. Attainment of significant achievement in their goals will go a long way in alleviating poverty and human suffering.

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