Status of the Cairo Agenda: The Present

The 2012 International Parliamentarians' Conference on the Implementation of the ICPD Programme of Action

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Key Points

- Developing countries have taken different paths over the last twenty years
  - In sub-Saharan Africa and parts of South Asia, fertility rates and population growth remain high.
  - In Latin America and most East and Southeast Asian countries have low fertility and much slower population growth.
- Fertility decline frees up economic resources
  - Are they substantial?
  - Who has access?
  - How are they used?
    - Consumption
    - Human capital spending (health and education)
    - Investment (start a new business or expand an existing one)
- Outcomes depend on many factors, but decision by governments and families are critical

Key Points

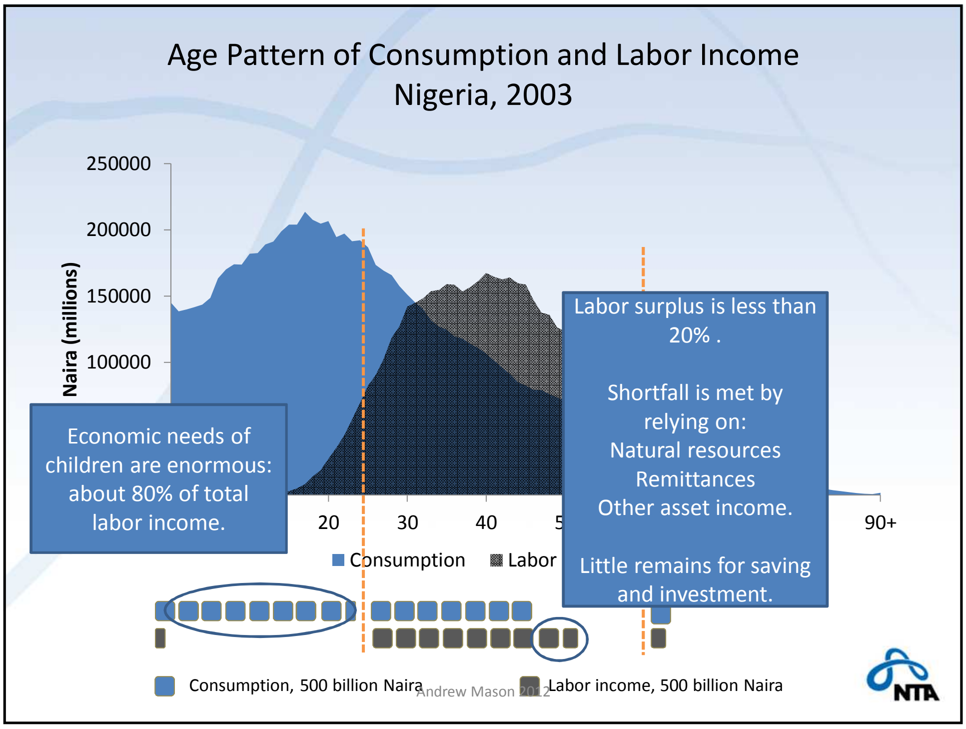
- Nigeria and China
  - Share of national income devoted to supporting children is much higher in high fertility Nigeria
  - Resources available for human capital spending or for investment are much smaller in Nigeria as compared with China.
- Based on estimates produced by the National Transfer Accounts network (www.ntaccounts.org)
- Ronald Lee and Andrew Mason 2011. *Population Aging and the Generational Economy: A Global Perspective.*

Different Demographic Paths for Nigeria and China

	Period	Nigeria	China
Total Fertility Rate	2010-15	5.4	1.6
Population growth rate (%)	2010-15	2.5	0.4
Population 0-24 (%)	2010	62.1	35.8
Population 25-59 (%)	2010	32.3	50.7

Source: United Nations Population Division (2011). World Population Prospects: The 2010 Revision. New York, United Nations.

- Nigeria: High fertility has resulted in a population with a very high level of child dependency – almost 2 child dependents for every person of working age.
- China: Rapid fertility decline has resulted in a population with a very low level of child dependency – about 0.7 child dependents for every person of working age.


Age Pattern of Consumption and Labor Income
Nigeria, 2003
250000
200000
150000
100000
Naira (millions)
20
30
40
90+
Consumption
Labor
Economic needs of children are enormous: about 80% of total labor income.
Labor surplus is less than 20% .
Shortfall is met by relying on:
Natural resources
Remittances
Other asset income.
Little remains for saving and investment.
Consumption, 500 billion Naira
Labor income, 500 billion Naira
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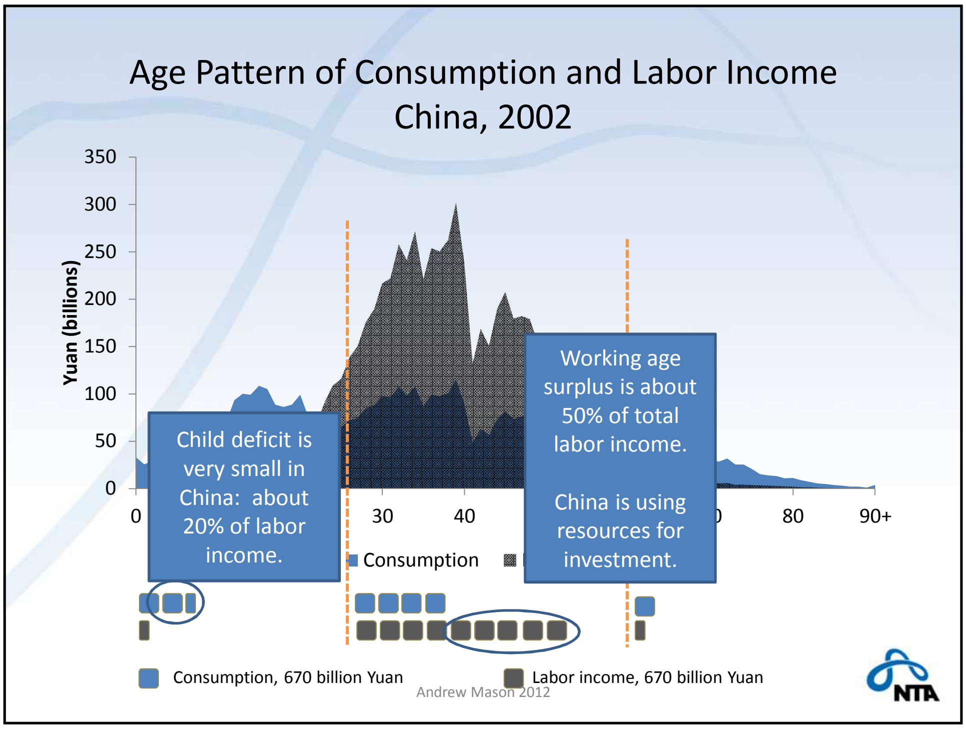
Age Pattern of Consumption and Labor Income
China, 2002
350
300
250
200
150
100
50
0
Yuan (billions)
0
30
40
80
90+
Consumption
Child deficit is very small in China: about 20% of labor income.
Working age surplus is about 50% of total labor income.
China is using resources for investment.
Consumption, 670 billion Yuan
Labor income, 670 billion Yuan
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Human Capital Spending

- Quantity-quality tradeoff: countries and families with more children spend less on each one.
- National transfer account estimates show that countries with a large youth population devote a large share of their resources to the material needs of those children.
- Spending per child and especially human capital spending per child is lower in countries with large youth populations.

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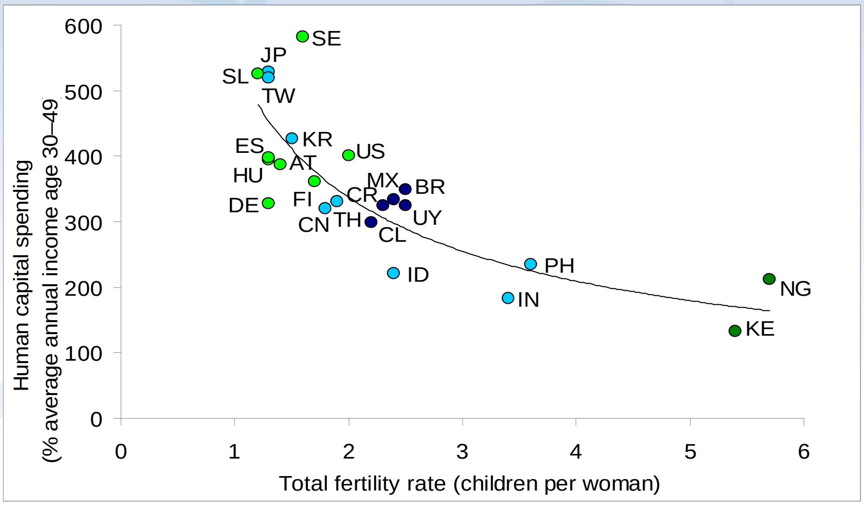
Human Capital Spending and Family Size



Note. Human capital spending is health and education spending per child over the 0-25 age span relative to labor income of those 30-49.

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Conclusions

- In high fertility countries, the resources required to support children are very substantial.
- Fertility decline frees up resources that both governments and families can use:
  - to reduce poverty,
  - to increase spending on health and education,
  - to increase investment and entrepreneurial activities.
- In these ways, fertility decline can make an important contribution to development goals.

Key Points

- Developing countries have taken different paths over the last twenty years
  - In sub-Saharan Africa and parts of South Asia, fertility rates and population growth remain high.
  - In Latin America and most East and Southeast Asian countries have low fertility and much slower population growth.
- Rapid fertility decline leads to a highly favorable population age structure.
  - A large cohort of workers supporting a small dependent population

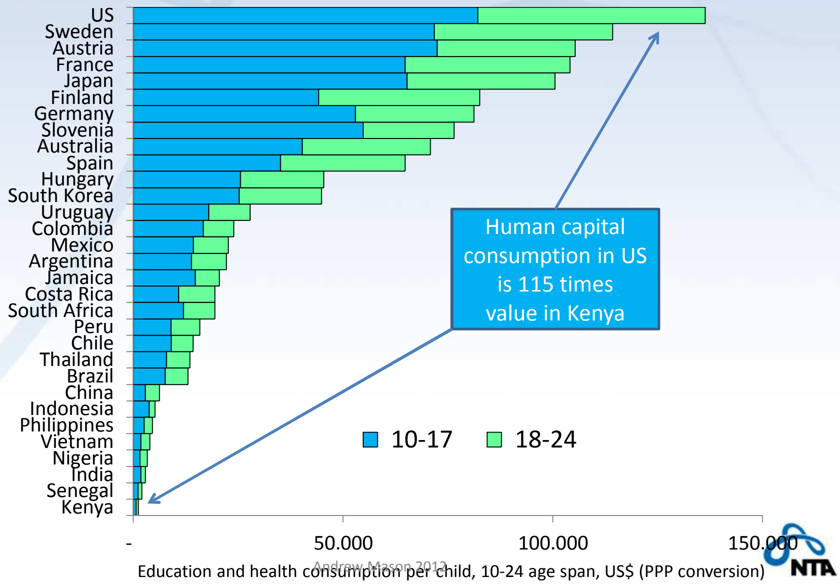
7 to 10 presentation w/ Q & A

Sources of Information

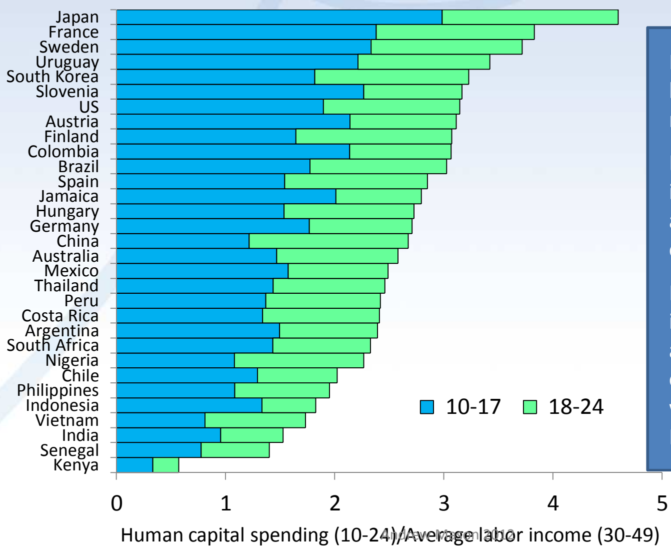
National Transfer Accounts (www.ntaccounts.org)

Ronald Lee and Andrew Mason 2011. *Population Aging and the Generational Economy: A Global Perspective.*

Disparity in Human Capital Spending



First Driver of Disparity: Differences in Income



Differential is much lower if expressed relative to income.

Rich countries investing 3 to 4 times annual labor income of persons 30-49.

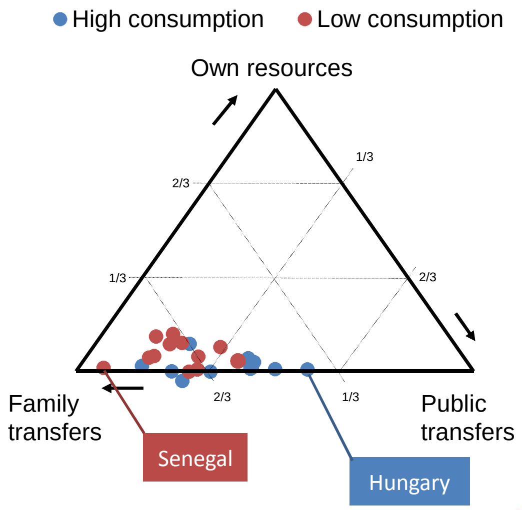
Poor countries are investing 1 to 2 times annual labor income of persons 30-49 with lower value for Kenya.

Second Driver: Dependence on Families, 10–17 Year Olds in 24 Countries

Own resources include labor income, asset income, and credit

High consumption: average for 10-24 > $5000

Low consumption: average for 10-24 < $5000.



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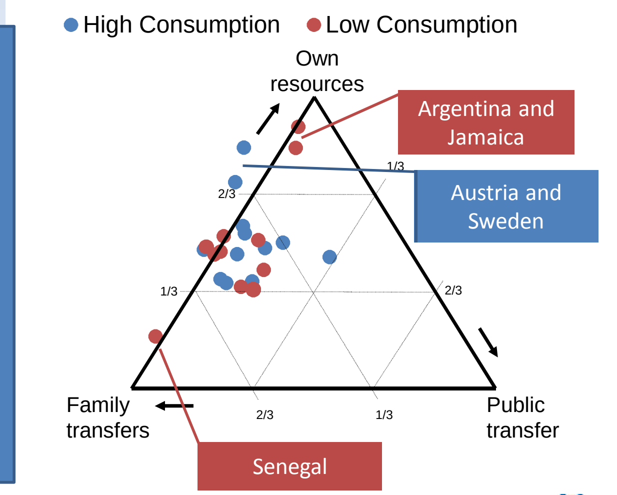
Second Driver: Dependence on Families, 18-24 Year Olds in 24 Countries

Consumption for 18-24 year olds is funded from own resources and family transfers

Net public transfers are very small in all countries

For countries to the left of the triangle taxes paid exceed benefits received.



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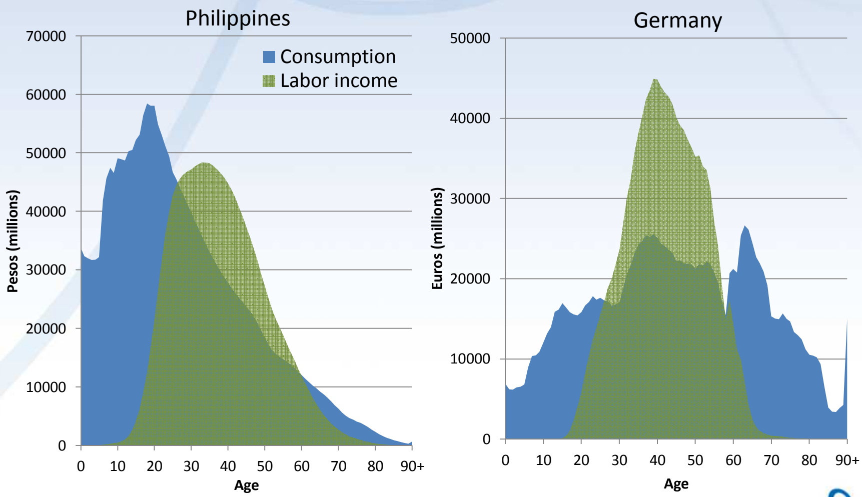
Aggregate Consumption and Labor Income by Age



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Part III. Conclusions

- In many low income countries in Asia and Africa, adolescent and youth populations are large and growing.
- The young are a potentially valuable resource for these countries but only with:
  - Dynamic, job-creating economies
  - Strong investment in human capital

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Conclusions

- Many countries are struggling to provide resources needed by adolescents and youth.
  - Their own resources are limited
  - External resources are inadequate
  - Governments are doing too little to create access to resources for adolescents and youth
  - Too many youth and adolescents are competing for too few resources
- Success is possible
  - Poor countries can turn struggling economies into dynamic ones
  - External resources can be increased and targeted at adolescents and youth
  - Governments can engage more in health and education
  - Poor countries can emphasize smaller families and greater investment in every child