Ethiopia is the second-largest country in Africa, with an estimated population of nearly 79 million and a growth rate of 2.6 percent per year. Ethiopia is a predominantly rural and young society, with 84 percent living mainly in densely populated highland settlements. While the urban population is growing at around 4 percent per year, the rural population is still growing at around 2.3 percent. The proportion of the population under age 15 is 45 percent, with only 3.2 percent above age 65.

Increasingly, the Government of Ethiopia (GOE) is giving greater attention to demographic factors in formulating multisectoral development strategies, and has recognized population growth as one of the main challenges to poverty reduction. Intensified efforts are being made to implement the 2005-2010 Plan for Accelerated and Sustained Development to End Poverty/PASDEP, including reducing the total fertility rate (TFR) to 4 lifetime births per woman by 2010 and closing the gap between boys’ and girls’ education. These efforts are driven in part by concerns over food insecurity, population pressure on the land, low incomes in rural areas, and youth unemployment in urban areas. The average size of rural arable land holdings per household has fallen from 0.5 hectares in 1960 to 0.21 in 1999, levels often too small to maintain on-farm livelihoods. While the economy was reported to have registered average annual real gross domestic product (GDP) growth of a little over 10 percent in the early to mid-2000s, 35 percent of the population lives on less than US$1.25 per day.

This policy brief describes a study conducted by the World Bank in 2006, Capturing the Demographic Bonus in Ethiopia, on behalf of the GOE to examine scenarios that could best fuel economic development, balance population and resources, and slow the rate of population growth. The brief derives policy implications and recommendations from this study and other more recent sources including the 2007 National Population Census. Ethiopia is at a crossroads: forward-looking government policies and programs can lead the country in a more favorable direction. If lower mortality is balanced by lower fertility, Ethiopia has a window of opportunity to capture the economic boost that a demographic bonus can provide.

Ethiopia’s Demographic Profile

The World Bank has benchmarked a population growth rate of 2 percent per year as a level beyond which it is difficult for a country’s institutions and technologies to keep up with expanding population pressures on all sectors, from water, sanitation, and agriculture to health, housing, and education. Ethiopia adds 2 million people every year, and it is the pace and imbalanced distribution of this population growth, rather than the ultimate size of the population, that most give rise to concerns. These concerns are aggravated by degradation of the environment and natural resources, increased climate variability, and market vulnerability. Ethiopia remains one of the least urbanized countries in the world, with 84 percent of its population residing in rural areas. Population growth in rural areas adds to the growing number of rural residents who are land-short and landless. In 2009, 4.9 million beneficiaries were identified as requiring emergency food and nonfood assistance; another 7.5 million with chronic food insecurity receive assistance through the Productive Safety Net Program.

The population trends reported in the nationally representative National NFFS (1990) and Demographic and Health (DHS) surveys of 2000 and 2005 reveal a dynamic society in the early stages of a demographic transition.

Population Growth in Ethiopia, 1900 to 2007

<table>
<thead>
<tr>
<th>YEAR</th>
<th>POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>11.0 million</td>
</tr>
<tr>
<td>1954</td>
<td>19.5 million</td>
</tr>
<tr>
<td>1964</td>
<td>24.2 million</td>
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<tr>
<td>1974</td>
<td>30.6 million</td>
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<tr>
<td>1984</td>
<td>40.1 million</td>
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<tr>
<td>1994</td>
<td>53.1 million</td>
</tr>
<tr>
<td>2004</td>
<td>71.1 million</td>
</tr>
<tr>
<td>2007</td>
<td>73.9 million</td>
</tr>
</tbody>
</table>

Demographic Dividend

When there are more working-age adults relative to children under age 15 and the elderly, those in the working ages (generally ages 15 to 59) have a lower “dependency burden”—fewer people to support with the same income and assets. Under the right conditions, this can lead to a short-term but substantial economic bonus.

This “demographic bonus” is a window of opportunity to increase economic output because of the larger workforce; save money on health care and other social services; improve the quality of education; invest more in technology and skills to strengthen the economy; and create the wealth needed to cope with the future aging of the population. The window eventually closes as the workforce ages and relatively fewer workers are supporting increasing numbers of older people.

In order for this larger working-age population to contribute to economic growth, they must have job skills, be productively employed, and save and invest their incomes wisely. As much as one-third of the rapid economic growth among the East Asian “tigers” can be explained by the growth in the labor force as fertility declined and by the increase in savings and accumulation that accompanied this growth. Drawing from the East Asian experience, reaping the demographic bonus also depends on:

- Strong public health systems that improve child survival and health in general.
- Widespread availability and acceptability of family planning.
- Rapid and steady declines in childbearing.
- Improvements in educational enrollments and quality.
- Stable economic conditions conducive to growth and job creation.

A demographic dividend will not be realized without prior investment: An uneducated and unskilled youth population can threaten rather than enhance national stability and economic security.

transition, in which mortality has fallen but fertility remains high. The under-5 mortality rate has declined sharply from 217 to 123 deaths per 1,000 live births between the late 1980s and 2000-2004. The total fertility rate (TFR) has declined more slowly, from 6.4 in the late 1980s to 5.4 in the 2002-2004 period. However, as early as 1994, the TFR had fallen in the capital city of Addis Ababa to below the replacement level of 2.1. In 2005, it was 1.4 births per woman.

The median age at first marriage for 20-to-24-year-old women was 1.5 years higher than for women ages 25 to 29 in 2005, and two years higher than for women 25 to 49, suggesting that younger women are marrying later. Urban women ages 20 to 49 married three years later than rural women (19.4 vs. 16.1). Early marriage is closely followed by early childbearing. Nearly 40 percent of women surveyed in 2005 had had their first child before age 18, and about 16 percent of women ages 15 to 19 are either pregnant or already mothers.

With the present imbalance in births and deaths, Ethiopia’s population could double in size in less than 30 years. Without a faster decline in fertility, the impressive gains Ethiopia has made in reducing infant and child mortality might cause the rate of population growth to increase. Improved spatial distribution of the population between urban and rural areas would enable development efforts to reach more of the population more quickly.

THE NATIONAL POPULATION POLICY

In 1993, the GOE formulated a National Population Policy (NPP) in response to an imbalance between population growth, natural resources, and economic development, aggravated by spatial mal-distribution, youthful age structure, high fertility, and the disadvantaged position of women in society. The goal of the NPP is an equitable balance between population and resources; objectives include reducing rural-urban migration and environmental degradation.

The NPP set a specific target to raise the contraceptive prevalence rate among currently married women from 4 percent in 1990 to 44 percent by the year 2015. As recently as 2005, reaching this goal seemed a remote possibility. The 2005 DHS found that 15 percent of married women were using either a traditional or a modern method of contraception. Contraceptive prevalence varied enormously, from 47 percent among women in urban areas to 11 percent in rural areas.

The NPP was a major step forward, but specific, measurable objectives and guidelines were often missing for the concrete implementation of fertility reduction policies and family planning service delivery. In 2003, a 10-year review of the NPP concluded that modest and uneven progress had been made in implementing the action plan.

KEY FACTORS IN DETERMINING FERTILITY

In Ethiopia, the proportion of all women who are married has declined as a result of a rising age of marriage and an increase in the proportion of women remaining single. This change is responsible for most of the modest decline in fertility in the last decade, and the more marked decline that has occurred in Addis Ababa. While contraceptive use has not yet played a major role, Ethiopia has among the highest levels of unmet need for contraception in Africa. Satisfying this unmet need could cause a rapid rise in the national contraceptive prevalence rate. In fact, the Ministry of Health now uses a new indicator, the contraceptive acceptance rate, to show greater willingness to use contraception, and estimates that over 50 percent of the population is amenable to using contraceptives.
Nationwide, 80 percent of family planning services are provided by the public sector, and more than 85 percent of contraceptive users rely on just two methods—injections and oral contraceptives. More than a third of Ethiopian women would like to space their next birth or stop having children altogether, but are not using a method of contraception. The main reasons women give for not using a method of contraception include lack of information about the methods, lack of access, and rumors about side effects.

NPP TARGETS AND GENDER-RELATED MDGS

In 2000, Ethiopia signed the Millennium Declaration, and several of the MDG targets overlap with NPP targets for 2015. The GOE has particularly advanced the education of girls. Enrollment has substantially increased at all levels, and the gross enrollment rate of girls doubled between 1999 and 2006, reaching 77 percent. The recent Ministry of Education Statistical Abstract shows the ratio of girls to boys in primary schools increased from 71 girls per 100 boys in 1999/2000 to 87 girls per 100 boys in 2006/2007. Forty percent of girls and 50 percent of boys completed primary school. At the secondary level, 21 percent of girls and 34 percent of boys are enrolled. Girls are further from parity with boys in rural areas, and tertiary enrollment, while growing, remains low for both sexes.

Important efforts have also been made to improve social and economic conditions through adoption of relevant policies and strategies, for example, on reproductive health and adolescent reproductive health. The maternal mortality ratio, while still high, appears to be on the decline since 2000, from around 871 to 673 deaths per 100,000 live births in 2005. The GOE has also revised the Family Law and Criminal Code, including sections that have a significant impact on the reproductive rights of girls and women. Sector-wide programs have been developed for women in health and education. Significant improvement in health service coverage, particularly in rural areas, is evidenced by the recent construction of thousands of health posts and the deployment of 30,000 Health Extension Workers to deliver primary health care, including environmental sanitation, hygiene, malaria protection, and family planning.

Population Growth and Economic Development

Working closely with the GOE, the World Bank carried out a study to assess how population growth is likely to affect economic development under high-growth and low-growth scenarios, and how Ethiopia might benefit from a more rapid decline in fertility. The study examined direct investments in education, infrastructure, agriculture, the environment, and gender equitable development efforts and compared these with investments that included family planning and strengthened population policies explicitly aimed to slow the rate of population growth. While both approaches led to reduced fertility, the World Bank study concluded that the approach combining gender equitable development with family planning and population policy implementation, particularly for rural areas, would reduce Ethiopia’s population growth more rapidly than development efforts alone, would reap huge welfare benefits, and would advance progress toward the MDGs.

SLOWER POPULATION GROWTH AIDS PROGRESS TOWARD THE MDGS

In the low-growth scenario, as projected by the World Bank in 2006, the population would reach 124 million by 2030, 11 million fewer people than in the high-growth case of 135 million. Individuals in the low-growth scenario would have about 10 percent greater household income than would those in the high-growth case.

- Under the lower-growth scenario, 1.5 million to 3 million fewer people would be living in poverty from 2010 onward. This reduction in poverty would assist Ethiopia in its effort to achieve MDG 1, to cut the number of people living in absolute poverty in half by 2015, and could reduce the prevalence of undernutrition.
- Having fewer children to educate will facilitate the achievement of MDG 2, to provide universal primary education, and MDG 3, to eliminate gender disparity in all levels of education, both by 2015.
- The health effects of birth spacing would trigger greater reductions in the fertility rate for children under 5 in the low population growth scenario. This could ensure that Ethiopia can continue on track to meet MDG 4, to cut child mortality in half by 2015. However, declining child mortality must be offset by lower fertility to avoid accelerating population growth.
- Enabling women to avoid unintended and mistimed births is essential to empower women and promote gender equity. Preventing unintended pregnancies and unsafe abortion are also the most effective means to reduce maternal deaths, thus contributing to the achievement of MDG 5, to improve maternal and reproductive health.
- Fulfilling unmet need for contraception will also contribute to meeting MDG 6, to halt and reverse HIV because preventing unintended pregnancies among HIV-positive women is more cost effective than drug treatment in preventing mother-to-child transmission.
- Finally, there can be little doubt that slower growth and a more urbanized population will assist Ethiopia in making progress toward MDG 7, to increase access to safe water and sanitation and reverse the loss of environmental resources.

SLOWER POPULATION GROWTH INCREASES LIKELIHOOD OF A DEMOGRAPHIC DIVIDEND

Ethiopia has a greater likelihood of capturing a demographic “bonus” or “dividend” under the lower population growth scenario. If women have fewer children, the altered age structure of the population produces a more favorable ratio of adults in their economically productive years to dependent children and the elderly. With fewer children requiring education and health services, the government has greater discretion to invest resources in other critical areas. Greater investment and increased savings create a one-time, age structure-related economic growth spurt that is either captured or forever lost (see box, page 2).

In sum, there have been promising trends, reliable and well-documented, in the major determinants of fertility decline. The combined effects of a rising age at marriage, rapid increase in use of contraception, decreasing desired number of children among younger couples, and dramatic
increase in the education of girls will reduce family size and slow the rate of population growth. Ethiopia can capitalize on these favorable trends and lay the groundwork necessary to capture the demographic dividend through effective policy implementation.

GENDER EQUITABLE DEVELOPMENT AND THE DEMOGRAPHIC BONUS

While progress in promoting gender equity has been made, further efforts to advance the status of women and girls are needed if they too are to benefit from a demographic dividend.

- **Girls’ education.** The World Bank projections indicate that development focusing on women’s empowerment, especially on the education of girls, would reduce fertility and promote economic growth.

- **Women’s labor force participation.** At present, women over age 25 are 85 percent less likely than men of the same age to be employed and only one in five women earns cash income over which she has control.24

- **Women’s legal rights and protections.** The majority of Ethiopian women (56 percent in 2007), have undergone female genital mutilation, but women's support for the practice has declined rapidly, from 60 percent in 2000 to 31 percent in 2005.25 The legal age of marriage for girls has been raised to 18 years.

- **Gender training, monitoring and evaluation.** To reinforce and sustain these positive trends, training and oversight are needed, including gender sensitization for those responsible for protecting women’s legal and social rights, gender integration and gender budgeting for parliamentarians, and training in monitoring and evaluation for women’s rights advocates and program managers.

While all these efforts are critical and will lead to slower population growth, the World Bank study concluded that a gender-equitable development approach plus a more rigorous effort to implement family planning programs would reduce fertility faster and contribute to more rapid economic growth and fewer people living in poverty.

**Policy Recommendations**

The National Population Policy Plan of Action (2008/2009 to 2015/2016) aims to enhance implementation of the NPP, facilitate its integration with development activities, develop regional population action plans, and effectively monitor and evaluate these efforts. Key actions will include reducing unmet need and increasing demand for family planning through information, education, and communication. The plan also seeks to enhance understanding of the link between population, development, and the environment. High-level support for these efforts is critical and provides the best chance for Ethiopia to realize a demographic dividend.

The World Bank study, various government ministries, and other sources suggest the following emphases:

**Expand family planning coverage, method choice, and quality.** Women are more likely to use contraception if it is easily accessible. A report by Pathfinder Ethiopia found that rural women would need to travel up to four days round trip to receive a three-month contraceptive injection.26 While the Health Expansion Program aims to render such effort unnecessary, considerable work remains to overcome rural-urban inequities in demand for and access to health services.

- **Rural-urban disparities in health coverage must be reduced, and the supply of consistent contraceptive and reproductive health commodities, especially in remote areas, must be ensured.** The effectiveness of deploying tens of thousands of health workers to remote areas is being closely monitored and evaluated to learn from and adapt strategies to improve coverage, quality, and client satisfaction.

- **Delays and setbacks in donor support for contraceptives have led to stock-outs.** To ensure sustained financing and supplies, the government of Ethiopia should assume a larger share of the costs of contraceptives and other reproductive health commodities.

- **Women in Ethiopia presently rely on two contraceptive methods.** Expanding contraceptive choice enables more women to find a suitable method and leads to higher contraceptive prevalence. Addition of more long-term clinical methods as well as nonprovider-dependent methods will benefit women in rural areas with limited access to health care.27

**Constructively involve men in maternal and reproductive health.** Men’s disapproval of contraception, feared or actual, contributes to high unmet need among the 22 percent of women who wish to space their next birth but are not using a method.28 Promoting birth spacing to improve the health and survival of children and efforts to reduce maternal risk are key entry points to encourage greater support among men for family planning.

**Provide adolescent reproductive health services.** Because newly married women experience familial pressure to demonstrate fertility, the need for confidential adolescent-friendly reproductive health services is especially great in rural Ethiopia. Young women and men ages 15 to 19 visualize a much smaller ideal family size than do those over age 25 (3.3 children vs. 5.1 children for women; 3.8 children vs. 5.8 children for men). They will be unable to achieve a smaller family without unfettered access to family planning.29

**Address migration, urbanization, and geographic population imbalance and environmental concerns.** The concentration of Ethiopia’s growing and youthful population in the rural highlands presents challenges to employment and environmental sustainability.

- **The ICPD+15 government document recommends strategies to retain the rural labor force in productive employment through provision of land, credit, and agricultural extension, as well as the expansion of urban infrastructure.30**

- **Integrated rural-urban linkages toward more balanced population and resources development can be enhanced by a population redistribution policy, particularly for young people, who are the most prone group to migrate.**
Facilitating Gender Equitable Development

Ethiopia has done a remarkable job in recent years of reducing under-5 mortality, halting the rise in HIV/AIDS, and in advancing education for girls, and is well on the way to achieving the MDG targets for many of the goals. Achieving parity for girls and boys at the secondary and tertiary levels may be hard to reach by 2015, but striving for it will ultimately pay off in terms of later marriage, smaller families, healthier children, and improved household incomes.

The more favorable of the two growth scenarios for Ethiopia is clear. If, in addition to promoting girls’ education and a later age at marriage, Ethiopia broadens investment in family planning as a centerpiece of gender equitable development, it will achieve a more rapid transition to lower fertility. Under a low-growth scenario, the country will undoubtedly make greater progress toward achieving its own National Population Goals and the remaining MDGs. It will also maintain the potential to capitalize on a demographic dividend. Helping women and couples achieve their desires for smaller families will enhance gender equity and provide multiple societal benefits, including fewer people in poverty, higher per capita income, and less pressure on Ethiopia’s fragile natural resource environment.

Acknowledgments

This policy brief is based on a World Bank report by Luc Christiaensen, John F. May, Kathleen Beegle, and Elizabeth Lule, Capturing the Demographic Bonus in Ethiopia: Gender, Development, and Demographic Actions (Washington, DC: World Bank, 2007). Statistics, unless otherwise updated and cited, are derived from this report. This policy brief was written by Karin Ringheim, senior policy adviser at the Population Reference Bureau; Charles Teller, senior fellow at PRB; and Erin Sines, former senior policy analyst at PRB. Much appreciation to John May for his assistance and to Wt/ro Genet Mengistu and Ato Solomon Alayu of the Ministry of Finance and Economic Development of Ethiopia for their advice and review. Thanks to Ellen Carnevale and Jay Gribble of PRB for their review and comments. This policy brief was underwritten through the generosity of the David and Lucile Packard Foundation.

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3. Luc Christiaensen et al., Capturing the Demographic Bonus in Ethiopia: Gender, Development and Demographic Actions (Washington, DC: World Bank, 2007).
5. Christiaensen et al., Capturing the Demographic Bonus in Ethiopia.
8. The total fertility rate (TFR) is the number of children a woman would have during her lifetime assuming that current age-specific birth rates remain constant throughout her childbearing years (usually considered to be ages 15 to 49).
15. CSA and ORC Macro, Ethiopia Demographic and Health Survey 2005.
18. CSA and ORC Macro, Ethiopia Demographic and Health Survey 2005.
20. Christiaensen et al., Capturing the Demographic Bonus in Ethiopia.
21. This is somewhat slower than the UN medium variant population projection. Christiaensen et al., Capturing the Demographic Bonus in Ethiopia.
22. Real per capita household consumption would be 8 percent to 11 percent higher by 2030 in the low-growth scenario.
24. Christiaensen et al., Capturing the Demographic Bonus in Ethiopia.
28. More than a third of all women have unmet need, of which the majority is for spacing rather than limiting births.
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