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STRENGTHENING GLOBAL COMPETITIVENESS IN SUB-SAHARAN AFRICA: THE ROLE OF FAMILY PLANNING

Sustaining sub-Saharan Africa's economic development will require the region to move towards more productive activities and address persistent competitiveness challenges.

As many as three in four youth entering sub-Saharan Africa's labor market will not find and sustain a wage job.

Reducing fertility through expanded use of family planning can relieve pressure on future labor markets.

*This policy brief is distilled from a report released in 2016 by Population Reference Bureau (PRB), entitled *Fostering Economic Growth, Equity, and Resilience in Sub-Saharan Africa: The Role of Family Planning*, by Ishrat Husain, Kaitlyn Patierno, Inday Zosa-Feranil, and Rhonda Smith.*

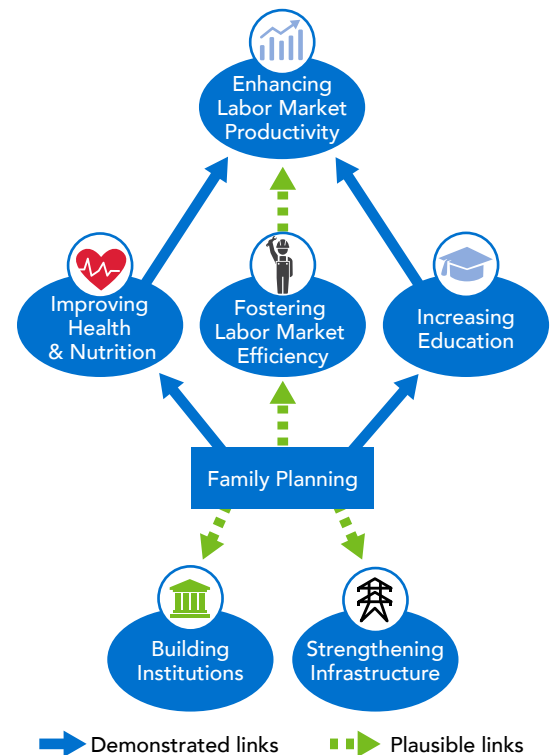
Maintaining a high level of competitiveness is important in a global economy. For sub-Saharan Africa (SSA), having a competitive edge is imperative for the region to emerge as an important global player. The World Economic Forum defines economic competitiveness as the “set of institutions, policies, and factors that determine the level of productivity of a country” and identifies 12 pillars that affect competitiveness.¹ Five of these pillars—health and nutrition, education, labor market efficiency, infrastructure, and institutions—have demonstrated and plausible links to family planning (see Figure 1). Statistical research has also found that family planning, through fertility decline, affects these indicators of competitiveness.² This brief describes the connection between family planning and four of those pillars. The fifth pillar, institutions, is addressed in a separate brief.

The majority of African countries rank among the least competitive in the world. SSA has registered impressive economic growth averaging 4.7 percent annually over the last two decades, but it scores lowest among seven major world regions in rankings of four of the five competitiveness pillars, and in the middle of all regions for labor market efficiency.³ Sustaining SSA's economic development will require the region to move towards more productive activities and address persistent competitiveness challenges.⁴

Improved Health and Nutrition Benefit Productivity

A healthy workforce is critical for competitiveness and economic development. Investments in health directly contribute to increased labor productivity, or the amount of real Gross Domestic Product produced by an hour of labor. Healthier workers have lower rates of absenteeism, are more physically and mentally energetic, and earn higher

FIGURE 1
The Central Role of Family Planning in Strengthening Competitiveness and Productivity



Source: Adapted from “The 12 Global Pillars,” The World Economic Forum, *The Global Competitiveness Report 2014–2015*.

wages. One analysis of more than 100 countries showed that a 1 percent increase in adult survival rates increases labor productivity by 2.8 percent.⁵

Family planning improves the health of mothers and children, and produces a lasting effect on workforce productivity. Maternal deaths decline when women use family planning to delay, space, and limit births and to avoid unintended and high-risk pregnancies.⁶ Family planning also improves infant, child, and maternal nutrition, and can significantly affect labor productivity.⁷ By supporting birth spacing and preventing adolescent pregnancies, family planning helps avert a range of poor infant and child nutrition outcomes, particularly stunting. Stunting causes irreversible damage, impairing cognitive function as well as physical and emotional development. Stunted children have poorer school performance and achievement, limiting their workforce capacity and economic opportunities during adulthood.⁸

Increased Education Builds Workforce Skills

Productivity in the labor force is also strongly influenced by the skills and knowledge acquired in high-quality educational settings.⁹ Investing in the education value chain—from primary and secondary education to higher education and vocational schools—to upgrade young people’s skill levels will pay large dividends in Africa’s future economies.¹⁰ Family planning programs complement these education investments by helping girls avoid pregnancy and stay in school. Moreover, women who have secondary or higher education are more likely to use modern contraception and have fewer children than those with no or primary education.¹¹ A World Bank study on returns to investments in education demonstrated that a secondary school education can boost women’s wages by 15 to 20 percent.¹² Thus, keeping girls of reproductive age in school enhances their long-term earnings and increases the number of women in the workforce.

Increased Investment Strengthens Infrastructure

Changes in age structure, particularly changes in the number of dependents, have a profound impact on economic development because of their impact on savings and investment. As a country attains higher numbers of working-age adults compared to dependents, it can take advantage of the opportunity to make rapid gains in living standards. With fewer children to support with social services such as health care and education, governments can focus savings and investments on vital national infrastructures such as transport and communication networks.

While several factors affect building strong national infrastructures, dependency ratios have a key influence (see Box). Strong family planning programs are a critical factor in achieving optimal dependency ratios by promoting fertility decline. Countries with high dependency ratios spend large shares of their resources taking care of dependents, while those with lower dependency can devote more resources to investment in physical capital—such as roads, bridges, electricity, and communication infrastructures—technological progress, and education.¹³

BOX

Total Dependency Ratio

Populations who are dependent
(those ages <15 and 65+)

divided by

Working-age population
(those ages 15 to 64)

Family Planning Fosters Labor Market Efficiency

An efficient, flexible labor market ensures that workers are allocated to their most effective use in the economy, provided with incentives to achieve maximum productivity, and prepared to adapt to demand for new high-tech sectors.¹⁴ Family planning can contribute to labor market efficiency by reducing the number of persons entering the job market, thereby:

- Reducing unemployment and underemployment.
- Facilitating structural shifts from low-productivity to high-productivity employment.





















Reducing Unemployment and Underemployment. With one of the highest unemployment and underemployment rates in the world, SSA faces severe challenges generating enough new high-productivity jobs to absorb the rapidly growing numbers of young people entering the job market today.¹⁵ A World Bank study indicates that 11 million youth will enter SSA’s labor market every year for the next 10 years and that as many as three in every four youth will not find and sustain a wage job.¹⁶ Youth ages 15 to 29 in SSA are three times more likely to be unemployed than their older counterparts.¹⁷


Reducing fertility through expanded use of family planning could go a long way toward relieving pressure on future labor markets. The population of several African countries is projected to double, triple, and even quadruple by 2050 if fertility remains high, intensifying demand for new jobs. If fertility rates trend lower, countries will have millions fewer new workers to absorb in the labor force in the coming decades (see Figure 2, page 3).

Facilitating Structural Shifts in Employment. Economic development is also associated with a structural shift from low-productivity to high-productivity employment, typically from agriculture to industry and services. In Africa, only about 16 percent of the employed population have jobs paying a regular wage. Nearly all jobs are in the informal sector—either subsistence farming (62 percent) or household enterprise (22 percent). These informal, vulnerable jobs tend to be associated with low earnings.¹⁸

FIGURE 2

Projected Growth in Working-Age Population

	Number of Working-Age People (in millions rounded)			
	In 2015	In 2025	In 2050	
			Low Variant	High Variant
Ethiopia	 55	 75	 118	 135
DRC	 39	 56	 112	 124
Uganda	 19	 28	 58	 65
Niger	 9	 14	 37	 40
Mali	 9	 13	 26	 28

 = 10 Million Workers

The **Low Variant** assumes that the total fertility rate (TFR) is one-half child less than the medium variant at each period in time. The **Medium Variant** is the most likely fertility trend and assumes growth in family planning use that will result in fertility reductions resembling patterns similar to what occurred in other countries, while the **High Variant** assumes that the TFR is one-half child more than the medium variant.

Source: United Nations, *World Population Prospects: The 2015 Revision*.

In the short term, one way to increase incomes is to help poor people raise their productivity in their current occupations, while also positioning them to access new occupations that offer higher earnings.¹⁹ Focusing on ways to improve informal-sector productivity, while at the same time adding higher-paying industry jobs, remains a formidable challenge for Africa’s resource-strapped governments. The digital revolution poses an additional challenge for SSA. Technological advances may shift the pattern of structural transformation in Africa, changing the productivity of different sectors including agriculture.²⁰

Reduced fertility driven by family planning could help create breathing room for countries to transfer a larger share of their workforce to higher-income jobs and provide quality education and skills to meet the changing demands of the 21st century labor market.

Recommended Actions

Include fertility scenarios and their effects on population growth when developing national strategies and plans.

Fertility levels will affect the number of new entrants to the labor force, future employment demands, and the ability to shift workers into high-productivity sectors in the coming decades. National planners should consider formulating appropriate employment-

oriented strategies based on present and projected fertility scenarios.

Promote voluntary family planning programs to help accelerate economic growth and increase competitiveness in the global economy.

Reduced fertility contributes to age structure shifts that result in fewer dependents, creating the opportunity for countries to increase savings. Governments can direct those savings towards social (health, nutrition, and education) and infrastructure investments necessary to build a strong workforce, prepare for technological advances in the job market, and create the high-productivity jobs needed to thrust the economy forward.

Strengthen global competitiveness by improving labor productivity through better health and nutrition.

There is growing evidence that good health and nutrition improve labor productivity by enhancing job performance and workforce output. Family planning is strongly linked with better health, nutrition, and educational status. Moreover, healthy timing and spacing of births through family planning can avert a range of poor infant and child health and nutrition outcomes, helping to ensure that every child reaches his or her full potential. Thus, family planning should be recognized as a critical element of efforts to enhance labor productivity.

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