This summary is based on the work of Sippel et al. (2011).

That brings us to South Africa. While the study cited below appeared in 2011, its insights are worth noting. The same study grouped countries into four clusters (A, B, C and D) of varying levels of progress. South Africa fell into cluster B, described as having ‘few children’ and a ‘medium to high level of development’. The only other African countries in this cluster were Morocco and Tunisia. The rest were Central or South America or Asian nations.

At 2.3 children per woman, the average fertility rate in cluster B is slightly above the simple replacement level, and therefore not much higher than in cluster A. It varies between 1.8 children in Thailand and three in the Philippines. South Africa is in between 2.2 and 2.4. Fertility rates are therefore (now) reasonably under control.

South Africa’s economic growth rate, however, is lower than many in the same cluster. According to the Gini coefficient, income distribution is particularly unequal in South Africa and the Latin American states. In South Africa, 26% of the population has to live on less than $1.25 a day, which may be due to an unemployment rate that is rather high for a newly industrialised country. Only in India and Indonesia is the proportion of the poor higher.

In the entire cluster, the number of people advancing their education after primary school has been increasing during the past four decades. In all countries for which data are available, except Thailand and Morocco, about 30% of the population has attended secondary schools, and in Malaysia and Mongolia the figure is 60% or more. In South Africa, though, the quality of school education leaves much to be desired.

Owing to the high prevalence of HIV Aids in South Africa (18% of the population was infected in 2011, one of the highest rates worldwide at the time), the average life expectancy actually started to decline and at the time of the 2011 study it hit an average of 52 years. The number of tuberculosis infections in South Africa was also correspondingly high (970 patients for every 100 000 inhabitants) since HIV Aids weakens the immune system, contributing to the spread of infectious diseases.

Over one-third of the countries in cluster B – predominantly Latin American states – have a high score in the Gender-related Development Index. The Gender Development Index (GDI) is an index designed to measure gender equality developed
LESSON: THE DEMOGRAPHIC DIVIDEND IN SOUTH AFRICA: HOW DO WE FARE?

by the United Nations Development Programme. Compared internationally, the scores of the remaining countries are more or less in the middle range. South Africa is at the bottom of the rankings of cluster B.

Although ‘free’ in the political sense, most countries in cluster B experience corruption as a problem.

For populations in cluster B, the conditions for using the demographic bonus are ideal: there are hardly any retirees and there are no longer strongly growing young age groups who are flooding the labour market. If these countries are able to provide enough jobs for the large working-age population, then there should be positive and dynamic economic development.

And therein lies the rub for South Africa. To capitalise on the demographic dividend, we need to:

■ create jobs for our emerging labour market
■ improve healthcare and strengthen the health system
■ reduce corruption

Finally, and most importantly, we have to improve education.

Education must be recognised as the key factor for development. It prepares the way for the demographic bonus: mortality and fertility will decrease with the population’s rising standard of education. In addition, human capital increases through education. Education is the most important tool for achieving the demographic dividend. Therefore, it is necessary to:

■ create equal education opportunities for girls
■ expand secondary education, in particular, because it is crucial to decreased fertility and an economic upswing
■ establish vocational training as a bridge between school and the working world
■ provide microcredits to improve the education of adult women and empower them, which will also promote entrepreneurship

Human capital improves decidedly through education and lower numbers of children. In order to achieve this, jobs must be created. To create productive employment opportunities for everyone, we need to first invest mainly in sectors with a high need for low-skilled workers. Once education has improved, we need to create jobs in knowledge-intensive sectors that achieve greater added value.

Once the formal employment sector grows, social security systems should be developed. This will cause birth rates to decrease because children will become less important as security for old age. This is also a first step in preparing for the long-term ageing of the population.

In other words, to capitalise on the demographic dividend we need to get the basics right first as a country – or risk being shut out.

Jargon buster

Microcredit is the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment, or a verifiable credit history.

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