

Demographic trends

KEY POINTS

For the next decade South Africa has a highly favourable age distribution profile. Fertility rates in South Africa are much lower than elsewhere in Africa, and life expectancy is increasing, though off a lower base because of HIV/AIDS. Consequently, there is a large youth and working-age population and proportionally fewer very old and very young.

The extent to which South Africa can take advantage of its demographic profile will depend on whether it is able to prioritise policies that improve the capabilities and life chances of its large youthful population. Given the high HIV/AIDS prevalence, particular attention needs to be given to health care provision to ensure that people of working age can participate gainfully in the economy.

South Africa will need to adopt a much more progressive migration policy in relation to skilled as well as unskilled migrants, and should better plan for rapid urbanisation. This can only be done if there is sufficient data on the movement of people within the country and on those entering the country.

INTRODUCTION

Good demographics can go a long way in helping countries achieve strong economic growth. Over the short to medium term demographic changes tend to be gradual. This gives policy-makers the opportunity to make optimal decisions: if policy interventions are informed by current and projected demographic profiles then programmes to improve health, education and skills can be properly targeted, and the appropriate services and infrastructure provided.

However, ignorance of demographic trends can result in a serious misallocation of resources and inappropriate interventions. This makes planning for demographic changes important, especially in the face of growing pressure on food, energy and water supplies; greater population mobility; additional demands for jobs and social support; and the uncertain effects of climate change.

To take full advantage of South Africa's demographic profile, and to manage attendant risks, it is necessary to understand what the country's population looks like today – and what it will look like in the decades to come. A deep understanding of South Africa's demography over the next 20 years can ensure that correct policies are designed and adopted, potential windfalls exploited and threats avoided.

DEMOGRAPHIC DIVIDEND

Developed and developing countries are at very different stages in their demographic transitions. The share of the population in the 15 to 29 age bracket is about 7 percentage points higher for the less developed world than the more developed regions. In Africa, about 40 percent of the population is under 15, and nearly 70 percent is under 30. In a decade, Africa's share of the population between 15 and 29 years of age may reach 28 percent of its population.¹

Having a relatively young population can be advantageous, provided the majority of working-age individuals are gainfully employed. A large workforce with fewer children to support creates a window of opportunity to increase economic output and invest in technology, education and skills to create the wealth needed to cope with the future aging of the population. Some economists call this window of opportunity the “demographic dividend” (or “bonus”). The window eventually closes when the workforce ages and there are relatively fewer workers to support increasing numbers of older people, but the dividend can last for several decades.

South Africa's population growth rate is slowing, the birth rate is declining and life expectancy is increasing, though off a lower base because of HIV/AIDS. Consequently, there is a large youth and working-age population and proportionally fewer very old and very young. This demographic profile proved to be a boon for economic growth in Asian countries and is similar to other middle-income countries such as Brazil, Mexico, India and the Maghreb states (see chapter 1).

The challenge is to convert this into a demographic dividend. This will only be possible if the number of working-age individuals can be employed in productive activities, with a consequent rise in the level of average income per capita. If South Africa fails to do this, its large youth cohort could pose a serious threat to social, political and economic stability.²

Dominant trends

There are significant differences in the profiles of South Africa's population groups across the three main demographic drivers: fertility, mortality and migration. Due to historical inequalities Black South Africans generally live shorter lives and have a higher

fertility rate than white South Africans, although the fertility rate among the black population is dropping sharply, particularly in urban areas.

Migration, both within the country and across its borders, will feature in the country's profile over the next 18 years. The movement of people from rural areas to towns and cities will increase while migration, predominantly from other African countries, is likely to continue.

If the economy continues to expand at current rates and fertility rates continue to decline, the population will grow from 50.6 million to 58.5 million by 2030. If the economy contracts, the current fertility rate is likely to stay the same, resulting in the population reaching 59.8 million. A migration shock scenario, under which a country north of South Africa collapses leading to larger numbers of migrants, would push the total population number up to 61.5 million.³

The table below sets out population trends based on five scenarios of the most important factors

affecting the population, loosely structured under potential economic conditions.

South Africa has arrived at the "sweet spot" of demographic transition. The population has a proportionately high number of working-age people and a proportionately low number of young and old. This means that the dependency ratio – the percentage of those over 64 and under 15 relative to the working-age population – is at a level where there are enough people of working age to support the non-working population. The caveat in South Africa's case is that unemployment and HIV/AIDS have produced many more dependants than would normally be the case. Although statistically South Africa is in a position to cash in on a demographic dividend, the challenges of joblessness and HIV/AIDS are a burden on those who are working.

If not managed, the perfect window could become the perfect storm. South Africans between the ages of 15 and 29 will make up more than a quarter of the total population until 2030. This could be potentially dangerous if this cohort is alienated from

FIG 2.1 GLOBAL EQUALITY

Scenarios	Fertility	Migration	HIV/AIDS	Total Population
1. Rapid economic development	Decreasing faster than current rate	Increased immigration	Faster roll-out of antiretrovirals (ARVs) and increased life HIV+ expectancy	58.2 million
2. Current economic development	Current level of decreases in fertility rates	Constant proportional immigration based on 2005 levels	2010 ARVs protocols and increased HIV+ life expectancy	58.5 million
3. Slowing economic development	Slower decrease in fertility rates	Constant proportional immigration based on 2005 levels	2010 levels of roll-out of ARVs and lower increase in HIV+ life expectancy	58.4 million
4. Negative economic development	Stable fertility rates	Decreasing immigration over time	Slower roll-out of ARVs and 2008 HIV+ life expectancy	59.8 million
5. Current economic development with migration shock	Current level of decreases in fertility rates	Increased immigration	2010 ARV protocols and increased HIV+ life expectancy	61.5 million

Source: ASSA, 2011

mainstream society and without decent prospects. The challenge is putting this working-age population to work. There is a real opportunity to build a stronger economy, eliminate poverty and reduce inequality.

This window of opportunity will close before 2030, as the over 64s as a share of the population rise from 5 percent today to 6.5 percent by 2023, and to over 7 percent by 2027. According to the United Nations (UN), this is when a country's population in demographic terms is regarded as "old". The number of South Africans over the age of 64 will rise from about 2.5 million now to 4.4 million by 2030.

This ageing population will put pressure on the economy, especially as a significant percentage of the older population will be living with HIV/AIDS as treatments become more effective. This age group is also more vulnerable to non-communicable diseases with some predictions that the number of cardiovascular deaths in South Africa could double by 2040. The increased demand on health spending and social security will have significant budgetary implications, which taxpayers will have to fund.

SOUTH AFRICA'S DEMOGRAPHIC PROFILE

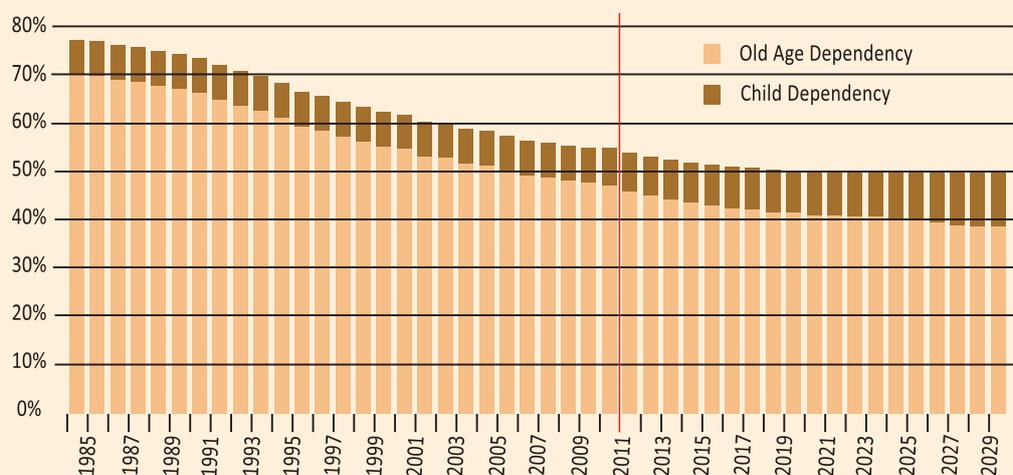
Fertility rates

Internationally, fertility levels vary widely, ranging from an average of 1.1 children born to a woman in Singapore to 7.2 in Niger. High fertility rates are generally found in contexts of poverty and powerlessness, where the infant mortality rate is high, and opportunity and education for women is low. Health care, education, old-age security, women's empowerment, economic aspirations and urbanisation generally bring down fertility rates, which can change rapidly. In Thailand, the fertility rate dropped in a decade from about 6 to 2 as secondary school education expanded.

In South Africa, the fertility rate has also dropped, although over a longer period. In the late 1960s, the rate was about 6.7, falling to 2.9 in 2001 and to 2.3 in 2011. It is projected to fall to 2.1 by 2030, which is close to the replacement rate at which a population remains relatively constant in size. As a result, the population is expected to increase by a little over 8 million by 2030.

South Africa's fertility levels differ according to location and socioeconomic characteristics. They are highest in the mainly rural provinces and

FIG 2.2 DEPENDENCY RATIOS – BASE SCENARIO



Source: ASSA, 2011

Budgetary implications

South Africa's projected demographic profile will affect government spending.

Health care and pension provision will have to be adjusted to accommodate the fact that:

- People will live longer as life expectancy improves
- Older people will form a growing percentage of the population
- A greater number of people will be living with HIV/AIDs as treatments become more effective
- The number of people requiring ARV treatment will triple.

Several factors will affect the costs associated with these shifts. These include the extent to which pensions are raised to keep up with cost of living, the efficiency of the health care system, the cost of drugs, particularly ARVs, and increases in grant payments. These costs could be absorbed if the majority of the working-age population are employed, but would be difficult to manage if high levels of unemployment persist.

municipalities, and lowest in the most urbanised. According to the 2007 Community Survey, the highest fertility rate by municipality was in the OR Tambo district in the Eastern Cape with a level of 4.1, while the lowest was 2.2 in the City of Cape Town, the uMgungundlovu district in KwaZulu-Natal and the Sedibeng district in Gauteng. The consequence is that rural populations continue to grow despite significant urban-rural migration.

Mortality

South Africa is in the midst of a health transition characterised by epidemic infectious diseases and a rise in non-communicable diseases. The country is simultaneously affected by a quadruple burden of diseases consisting of:⁴

- Maturing and generalised HIV/AIDS epidemic and high levels of tuberculosis
- High maternal and child mortality
- Non-communicable diseases such as cardiovascular disease, type 2 Diabetes, cancer, chronic lung disease and depression
- Violence and injuries.

These burdens are reflected in morbidity statistics. Total deaths in the country have increased sharply,

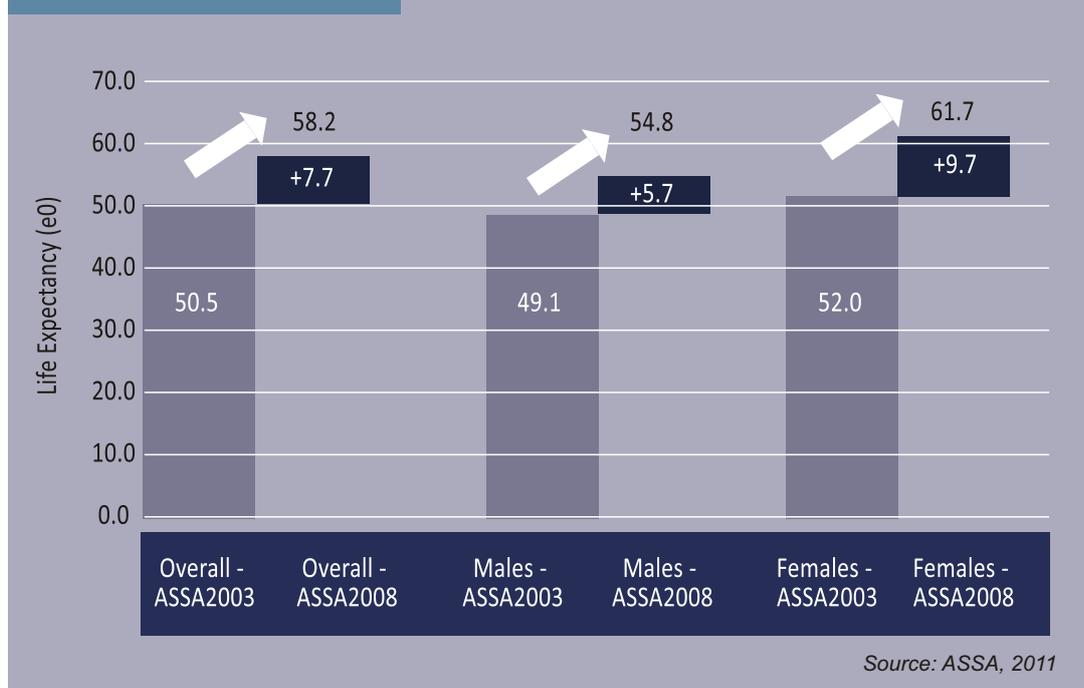
with the numbers doubling in the decade to 2008. This increase is accounted for by two groups: the rate doubled for young children under the age of five and trebled for young adults between 30 and 34. Overall, increased mortality sharply reduced the median age of death to less than 45, and to a lower age for females than males.

The Health Data Advisory and Coordination Committee Report set a target of a 10 percent reduction in the under-five mortality rate by 2014, from 56 per 1 000 live births (2009) to 50 per 1 000 live births. A 10 percent reduction is also set for the infant mortality rate from 40 per 1 000 live births (2009) to 36 per 1 000 live births in 2014.⁵

HIV/AIDS has been a powerful factor in South Africa's demographics over the past two decades. The current estimated HIV prevalence rate is about 10.6 percent, with the total number of people living with HIV/AIDS having risen from 4.21 million in 2001 to an estimated 5.4 million in 2011. This number is projected to rise to 7.3 million by 2030.⁶

The highest levels are among youth: an estimated 16.6 percent of those aged between 15 and 49 are HIV positive.⁷

FIG C. LIFE EXPECTANCY



The impact of HIV/AIDS is most evident in life expectancy figures. In the second half of the 20th century, South Africans started to live longer, from 45 in the early 1950s to about 65 in the early 1990s. HIV/AIDS reversed this dramatically. Life expectancy for African men fell most dramatically (49 years by 2003), and for African women to 52 years. This rapid decline was followed by some recovery, with 5.7 years being added to male life expectancy and 9.7 years for women by 2008.

The future demographic effect of this pandemic is an area of some debate. Life expectancy will continue to be affected by HIV/AIDS, but the extent to which this will happen will depend on the efficacy and impact of treatment and prevention. The number of new infections is likely to decrease gradually, or at least to remain stable, but the number of people with HIV/AIDS is expected to continue to rise, reaching 7.3 million in 2030, while the number of those sick with AIDS is also expected to rise from 800 000 to about 1.3 million. The increase will happen as ARVs and other treatments extend the lives of those infected with HIV.

In 20 years, HIV/AIDS will account for a smaller percentage of overall deaths, although it will remain an important factor. The decline in life expectancy has already reversed, and average life-spans will continue to increase, but average life expectancy is still expected to only reach 60 by 2030,⁸ significantly lower than other middle-income countries such as Brazil (71.4 years in 2009). Health experts consulted by the Commission take a more optimistic view, arguing that if the correct policies are put in place, average life expectancy of 70 can be achieved by 2030.

HIV/AIDS has also exaggerated existing discrepancies between population and socioeconomic groups. Although life expectancy for African women is expected to average just over 60 years by 2030, the average for white women is expected to stay at 76 for the next two decades. For African men, life expectancy will average just under 56 by 2030, while the average for white men will increase from over 72 to over 73.⁹

Even though South Africa is not a country at war, it faces an unprecedented burden of morbidity and

mortality from violence and injury, with an overall injury death rate that is nearly twice the global average and the rate of homicide of women by intimate partners six times the global average.¹⁰

The highest rates for victims of homicide are seen in men aged between 15 and 29 years (184 per 100 000). In some areas, such as Cape Town's townships, this rate more than doubles. Deaths of men from homicide outnumber those of women by more than seven to one.

POPULATION MOVEMENT

Migration

Data provided by the Global Commission on International Migration suggests that international migrants (changing country of residence over the past five years) make up about 3 percent of the world population, with levels ranging from about 0.1 percent in China to 65 percent in Kuwait. South Africa's figure has been estimated to be about 2.7 percent, which is modest in global terms, although Gauteng, the international migrant gateway to South Africa, has a figure of about 13 percent.

Data on migration into and within South Africa is poorly collected, weakly analysed and often

misleading. Data collection is difficult because many migrants live below the radar and move regularly between South Africa and their country of origin. At best, there are indicators for growth in international migration. For example, annual total border crossings have risen by over 2 million since 1996, from 5.1 million to 7.5 million.¹² This reflects growth in tourism, but may also indicate increased transnational movement.

Extrapolating from census data, the Forced Migration Studies Programme has estimated that the overall foreign population is likely to be between 1.6 million and 2 million or 3 percent to 4 percent of the total national population. Forced Migration Studies Program estimates that there are between 1 million and 1.5 million Zimbabweans in South Africa, making up the largest group of migrants.

If international trends are reflected in South Africa, migration patterns will become increasingly complex, involving diverse social groups and a combination of permanent and temporary migrants. There will be more youthful and women migrants, and a growing number of migrants moving from regions severely affected by climate change.

FIG D. AIDS SICK AND NEW INFECTIONS: 2010–2030

AIDS sick and new infections – 2010-2030



Source: ASSA, 2011

Source: ASSA, 2011

While international migration is more politically sensitive, movements between and within provinces and municipalities represent the most numerically significant form of movement in the country. The migration of foreigners into the country is often less important to population patterns than other dynamics such as fertility rates and internal migration. For example, between 2001 and 2007, 74 percent of Gauteng's population growth was due to natural growth, 26 percent due to migration and only 3 percent was due to cross-border migration.¹³

Movements into and within municipalities have significant implications for planning, budgeting and the provision of services. Municipalities are often unable to respond effectively because they do not have sufficient data, or the necessary skills to make sense of the data they have.¹⁴ Research by the African Centre for Migration and Society found that most municipalities lacked an understanding of their indigent communities, most lacked financial and human capacity to plan for population dynamics and that there was ineffective inter-government coordination on planning and service delivery.¹⁵

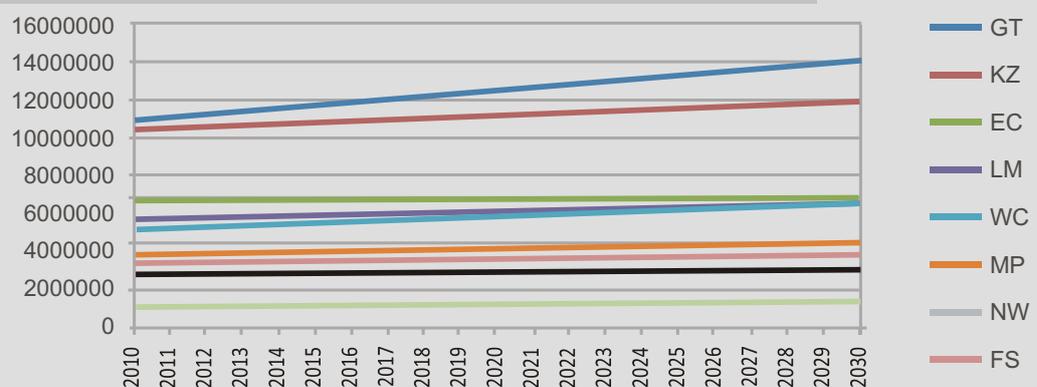
The National Planning Commission's Diagnostic Report showed that differential migration patterns largely reflect national patterns of job creation and job loss. Between 2001 and 2007, for example,

Gauteng had a net gain of about 3 million people and the Western Cape just over 1 million. The Eastern Cape had a net loss of about 1.4 million and Limpopo 1.2 million.

Unless the growth trajectories of particular provinces dramatically change these patterns are likely to continue. Over the next 18 years Gauteng, the Western Cape and KwaZulu-Natal will/are likely to see the biggest net gains in population: in Gauteng the population is expected to increase from 10.8 million to 14.1 million, in the Western Cape it could increase from the current 5.3 million to 6.4million, and in KwaZulu-Natal from 10.4 million to 11.9 million. Other provinces can expect marginal increases in their population sizes (see charts). However, the Eastern Cape's population is expected to shrink. Between 2020 and 2030 it could see a decline of 125000 from 6.8 million to 6.7 million.¹⁶

Future migration flows are difficult to predict because they are driven by constantly changing social and economic factors. South Africa's economic position in Africa will affect migration flows, as will the political circumstances of neighbouring states. The scale and nature of the impact of international migration should be addressed with flexibility as sources of data collection and analysis are strengthened.

FIG D. PROVINCIAL POPULATION PROJECTIONS: 2010–2030



Source: ASSA, 2011

If properly managed, migration can fill gaps in the labour market and contribute positively to South Africa's development. Energetic and resourceful migrant communities can contribute to local and national development, and diverse, cosmopolitan populations are often the focus of cultural, economic and intellectual innovation. If poorly managed, however, the skills and potentials of migrants will be neglected. Migration will remain a source of conflict and tension, and migrants will be increasingly vulnerable, subject to continued abuse, exploitation and discrimination.

Urbanisation

Consistent with most of the world, South Africa has experienced rapid urbanisation. In 2008, half the world's population was urbanised and by 2030 nearly three out of every five people will live in urban areas.¹⁷ South Africa is slightly more urban than the global average: about 60 percent of the population is urbanised (according to the official definition), and this is projected to be about 70 percent by 2030.

The patterns of urbanisation in South Africa are complex because circular labour migration under apartheid has led to an intricate relationship between rural and urban areas. It is likely that urban populations will become more permanently settled over time. The rate of urbanisation may slow, as it has done in Latin America and parts of Asia, but it is likely that almost all of South Africa's net population growth until 2030 (an estimated 8 million) will take place in urban areas, especially in major cities.

Increased migration to towns and urban centres reflect similar trends in all developing countries. This trend is not necessarily a reflection of poor rural policies but rather a reflection of the fact that urban living offers individuals a wider range of opportunities. Although there is a tendency to view these migrations as bad, they can in fact have very

positive effects. These include the ability of the state to deliver better services because urban settings are more easily within reach, rising living standards if internal migrants are able to access jobs and a fall in fertility rates, which inevitably occur as people adapt to urban life.

Informal settlements present a particular challenge. Most job-seeking migrants moving to cities first live in informal settlements, which are an affordable entry to the city. Many migrants cannot break into the urban labour market and find it difficult to move out of shacks into more formal accommodation. The average residence period within urban informal settlements has increased from about two to four years in the early 1990s to 10 years currently.

Although rural-urban migration is significant, about 78 percent of migration from rural areas and small towns was to other rural areas and small towns. Consequently, while the growth of large urban centres needs to be properly managed, planning must also respond to changing patterns of population distribution in rural areas.

POLICY IMPLICATIONS

Opportunities

Changes in population structure can significantly affect national performance, because individual economic behaviour varies with age. The young and the old tend to consume more than they produce, and nations with a high ratio of dependants to workers devote a relatively high proportion of resources to these groups, often limiting economic growth. In contrast, nations with a relatively large share of the population of prime working age can experience a boost in income and savings, because the working-age population tends to produce more than it consumes. However, demographic dividends can only stimulate substantial economic growth where there are appropriate economic and labour policies that

allow the young to enter the workplace, investments in health and education, and a stable and effective government. The key is to identify economic policies that can harness the benefits of a larger working-age population.

East Asian countries have made the most effective use of the demographic dividend. The working-age population of East Asia soared from 47 percent in 1975 to 64 percent in 2010.¹⁸ Some evidence attributes more than 40 percent of the higher growth in East Asia compared with Latin America from 1965 to 1990 to the faster increase in its working-age population – accompanied by a focus on export-orientated economic policies and investment in education and skills development. For the next 20 years, South Africa will have over 14 million young people between the ages of 15 and 29. The number will peak in 2021, reaching 15.1 million.

This presents a tremendous opportunity – but it also constitutes a serious risk, given that joblessness mirrors age and race fault lines.

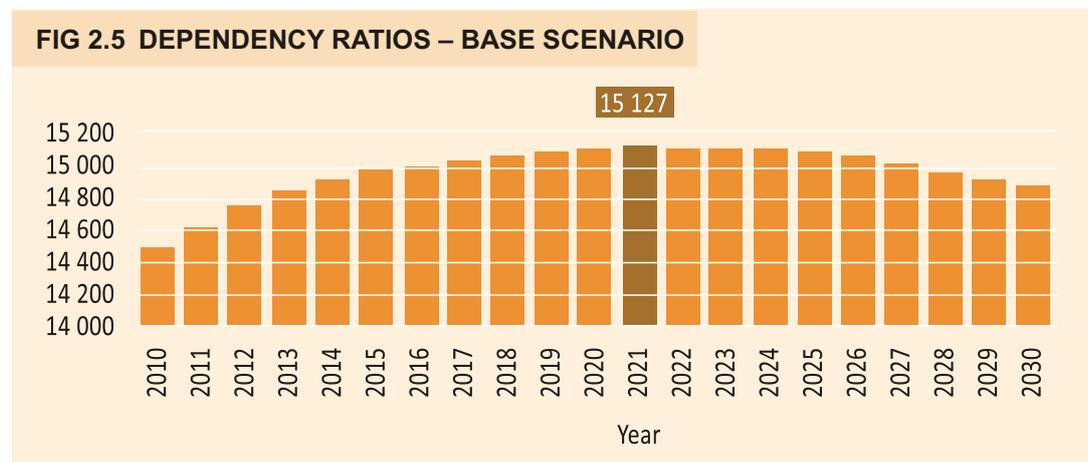
Young black people account for two-thirds of the unemployed below the age of 35. Unemployment rates are highest in the 15- to 24-year-old group (46.6 percent in 2008) and second highest among 25 to 34-year-olds (26.2 percent). For black youth, the unemployment rate is 65 percent. If youths fail

to get a job by 24, they are unlikely to ever get formal employment.¹⁹

Unresolved, this trend poses the single greatest risk to social stability. Young people are more likely to rebel if left with no alternative but unemployment and poverty. Generally, homicides are committed by males between the ages of 16 and 30.²⁰ In South Africa, this could translate into social disorder, widespread political unrest and increased crime.

- The degree to which the demographic dividend can be banked, and the risks avoided, depends on policy choices and how effectively they are implemented. Government needs to apply a “youth lens” to policies to expand opportunities, enhance capabilities and provide second chances. Areas most commonly identified as unlocking the potential of a demographic dividend are:
 - Better health, including food security
 - Better health care
 - Better education to meet the demands for higher skill levels
 - Easy labour market entry
 - Labour mobility.

Access to proper health care for children is critical, as this can have lasting effects on physical and mental development, which can affect children's future productivity, earnings and economic well-being.



Source: ASSA, 2011

Although health and education are necessary to take advantage of a youthful population, they are not sufficient. Expanding opportunities for higher education without a concomitant increase in employment opportunities can be hazardous. High unemployment among educated youth can potentially lead to political upheaval and violence. Economic opportunities and jobs are therefore crucial. The demographic dividend can be realised only if gainful employment is created for the growing proportion of people of working age.

Migration solutions

South Africa, like most other African countries, has done little to increase the benefits of migration or reduce the risks migrants face. The potential economic benefits of migration are constrained by the lack of support for migrants in key markets.

South Africa's immigration policy has sought to respond to the need for skilled immigrants through amendments to the Immigration Act, which facilitate the arrival of scarce skills. There is little regional legislation, however, beyond the Southern African Development Community Protocol on the Facilitating of Movement of Persons.²¹

Required steps to better facilitate migration include:

- Improving data collection, coordination and analysis as a matter of urgency.
- Easing the entry of skilled migrants.
- Countering xenophobia by conducting sustained campaigns.
- Effectively addressing the rights and vulnerabilities of migrants.
- Introducing support programmes to regularise migrant residence.
- Ensuring better and more consistent law enforcement (by protecting victims and prosecuting perpetrators).
- Strengthening transnational infrastructure (transport, electronic communications,

banking services).

- Addressing the specific need of migrants in South Africa.

Interventions are also required at a municipal level. The most pressing need is for reliable data. Statistics South Africa must work with municipalities to better disaggregate data at local level while imposing standardisation at national level; build the capacity of municipalities to collect data, do research and analyse the results; and develop institutional frameworks that entrench collaboration between municipalities and specialised research institutions.

South Africa's internal migration patterns demand two policy responses:

- A strong rural policy to ensure that those who remain on the land are not locked in poverty and that their life chances are improved.
- A strong urban development policy that caters for increasing numbers by ensuring that the necessary infrastructure is in place for a growing population.

CONCLUSION

South Africa's demographic profile could help to tackle poverty and inequality. Reaping the benefits, however, will only be possible if sound education and skills training are provided. Jobs must follow. If South Africa fails to do this, its large youth cohort could pose a serious threat to social, political and economic stability.

Given the high HIV/AIDS prevalence, particular attention needs to be given to health care provision to ensure that the large number of people of working age are not debilitated by disease and can participate gainfully in the economy.

South Africa also needs to adopt a much more progressive migration policy in relation to skilled and unskilled migrants. Immigrant workers can

make a substantial contribution to economic growth and job creation. However, the threat of xenophobia could destabilise communities. In this

regard, effective planning for migration and rapid urbanisation is important.

NOTES

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