



IS AFRICA BEING LEFT BEHIND IN AN AGEING WORLD?

Insights Using The National Transfer Accounts (NTA) Approach

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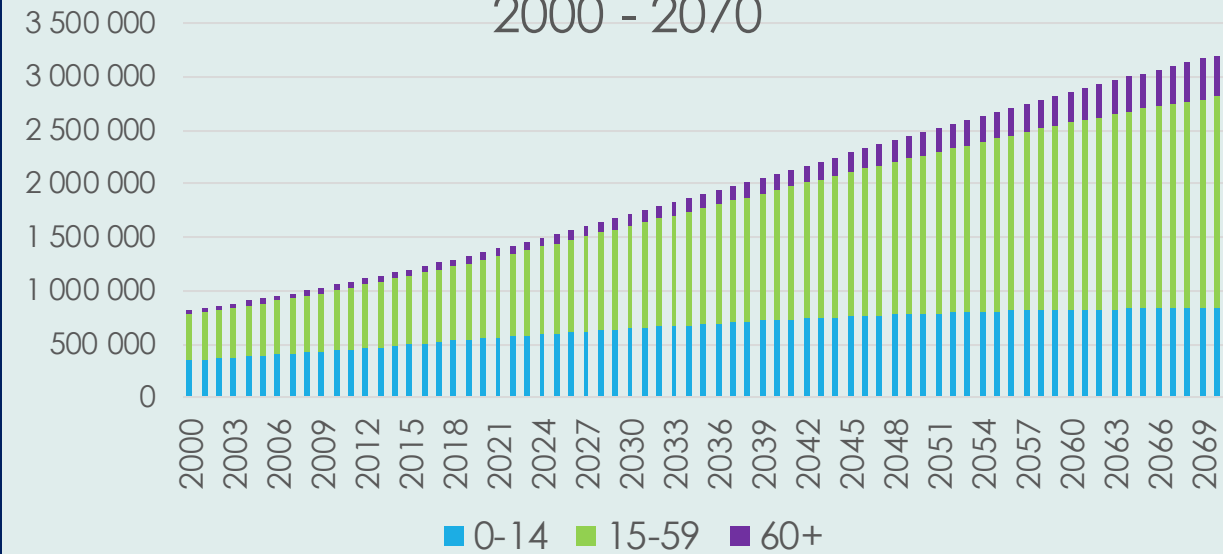
Introduction

- Population ageing is an inevitable consequence of demographic transition. Since all societies will go through this, the concept of leaving no one behind means that human well-being must extend to all ages and stages of life
- The National Transfer Account (NTA) is a system of macroeconomic accounts that measures current economic flows by age in a manner consistent with the United Nations System of National Accounts.
- It is a unified theoretical and methodological framework for the analysis of intergenerational economic issues.
- NTA measures age-specific labour income, asset income, consumption, transfers and saving, accounting for flows within households, between households, through the public sector and with the rest of the world.

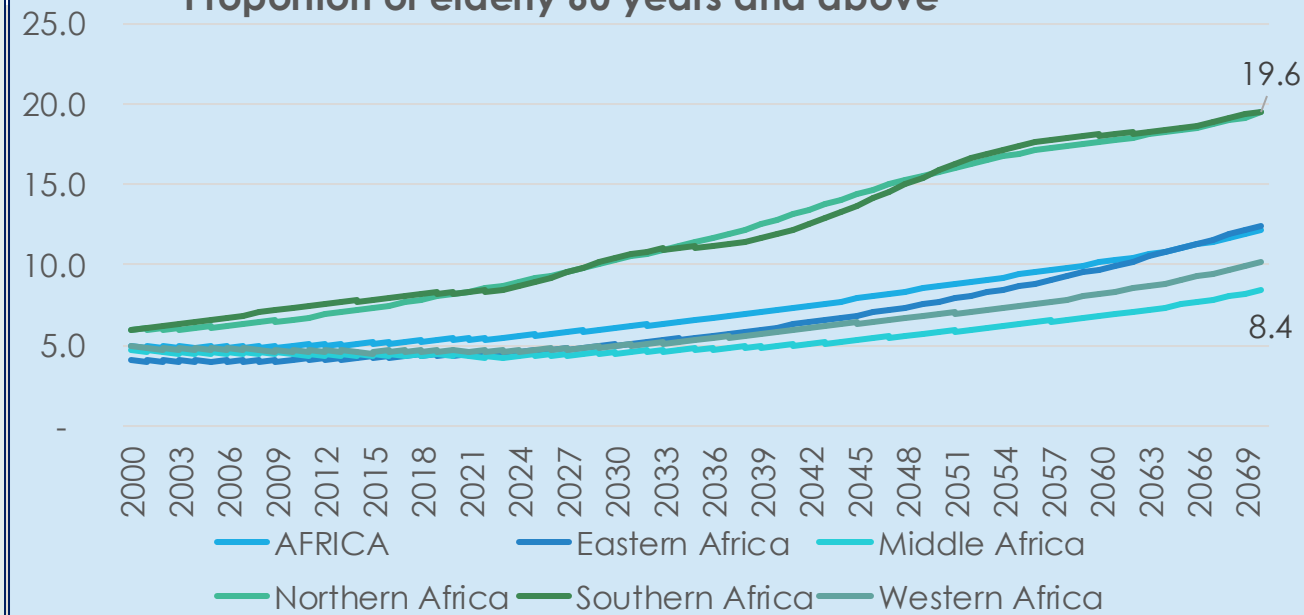
Three Features of our Societies captured by the NTA method...

- 1. Economic lifecycle:** The patterns of production (Labour Income) and consumption that vary by age, generating periods in life in which one exceeds the other. It often ends in deficit
- 2. Economic flows across age groups** that arise primarily because of dependency problem where children and the elderly consume have to rely on reallocations from the working ages.
 - The dependency problem is dynamic because of changes in population age structure over time
- 3. Complex and varied intergenerational economic systems:** The reallocation system is mediated by various institutions of which the families, firms, markets, the state, and civil society all play a role.

Population Age Structure of Africa, 2000 - 2070

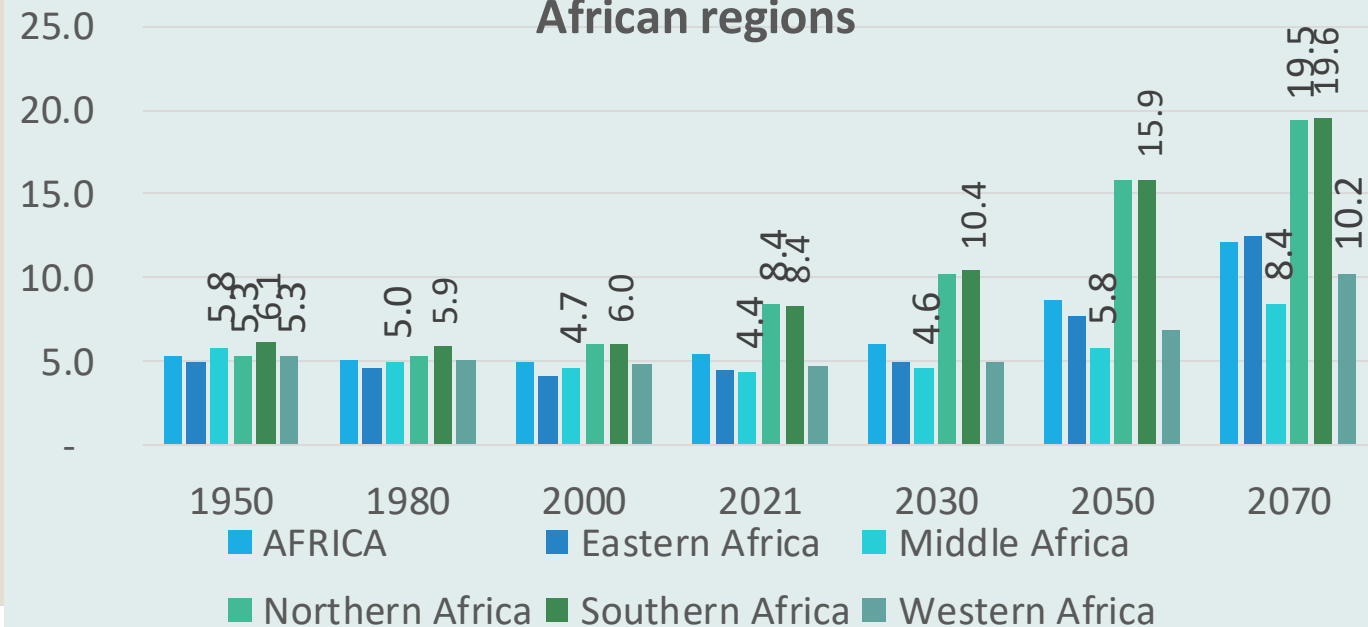


Proportion of elderly 60 years and above

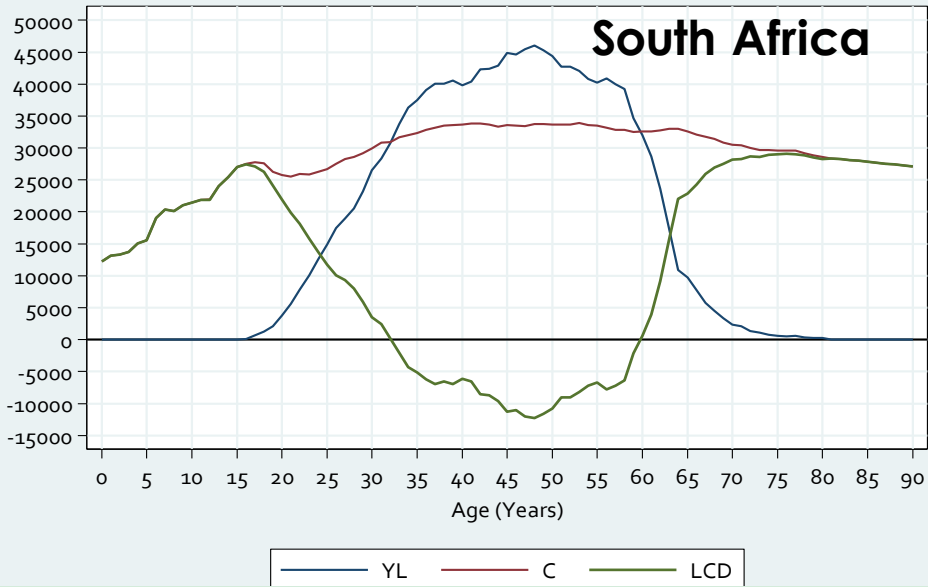


- The contribution of Africa to old age population is increasing both in proportion and absolute values. Between 2000 and 2070 Africa would have added 349 million older persons
- While 6.7% of world older person was in Africa in 2000, it would increase to 14.8% in 2070
- But Africa is not homogenous

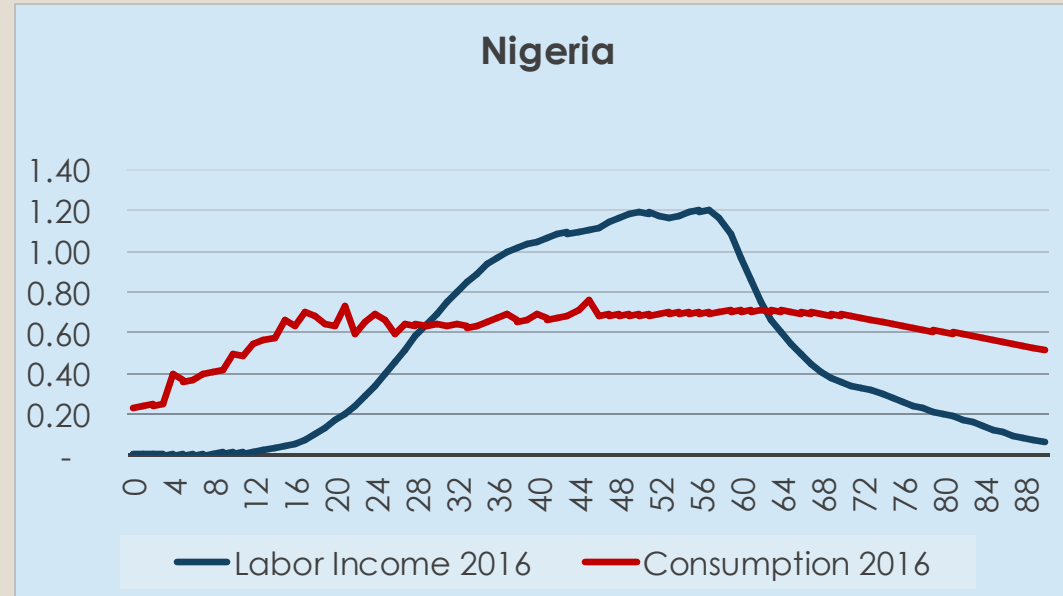
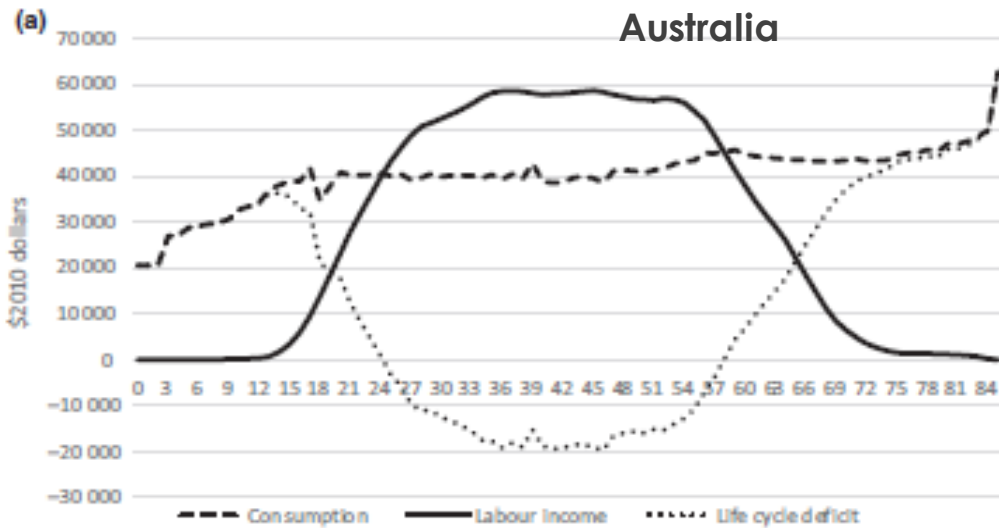
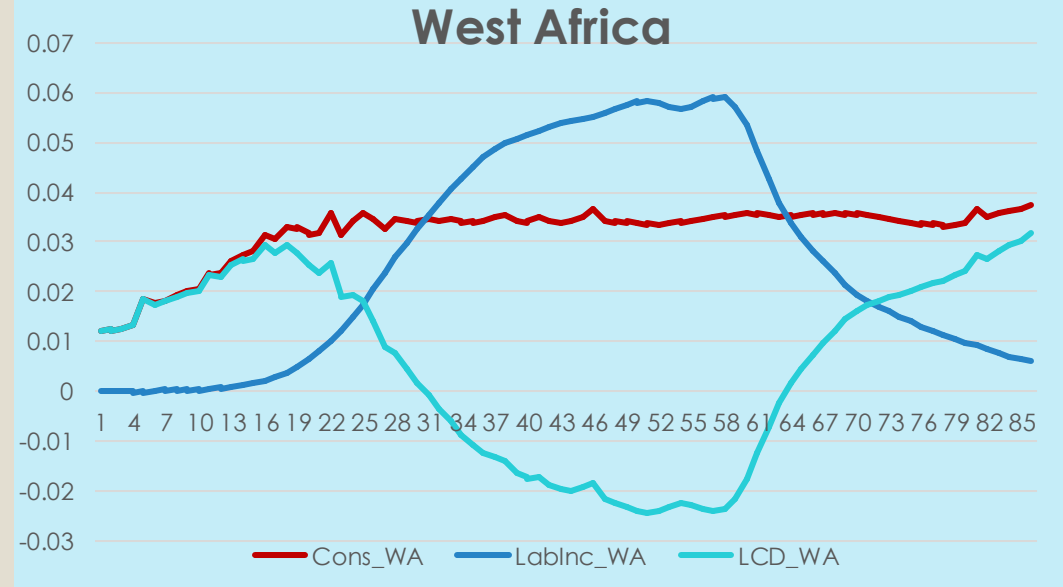
Percentage of population aged 60 years or over for African regions



Age Profile of Per Capita Labour Income, Consumption and the Lifecycle Deficit (per capita)

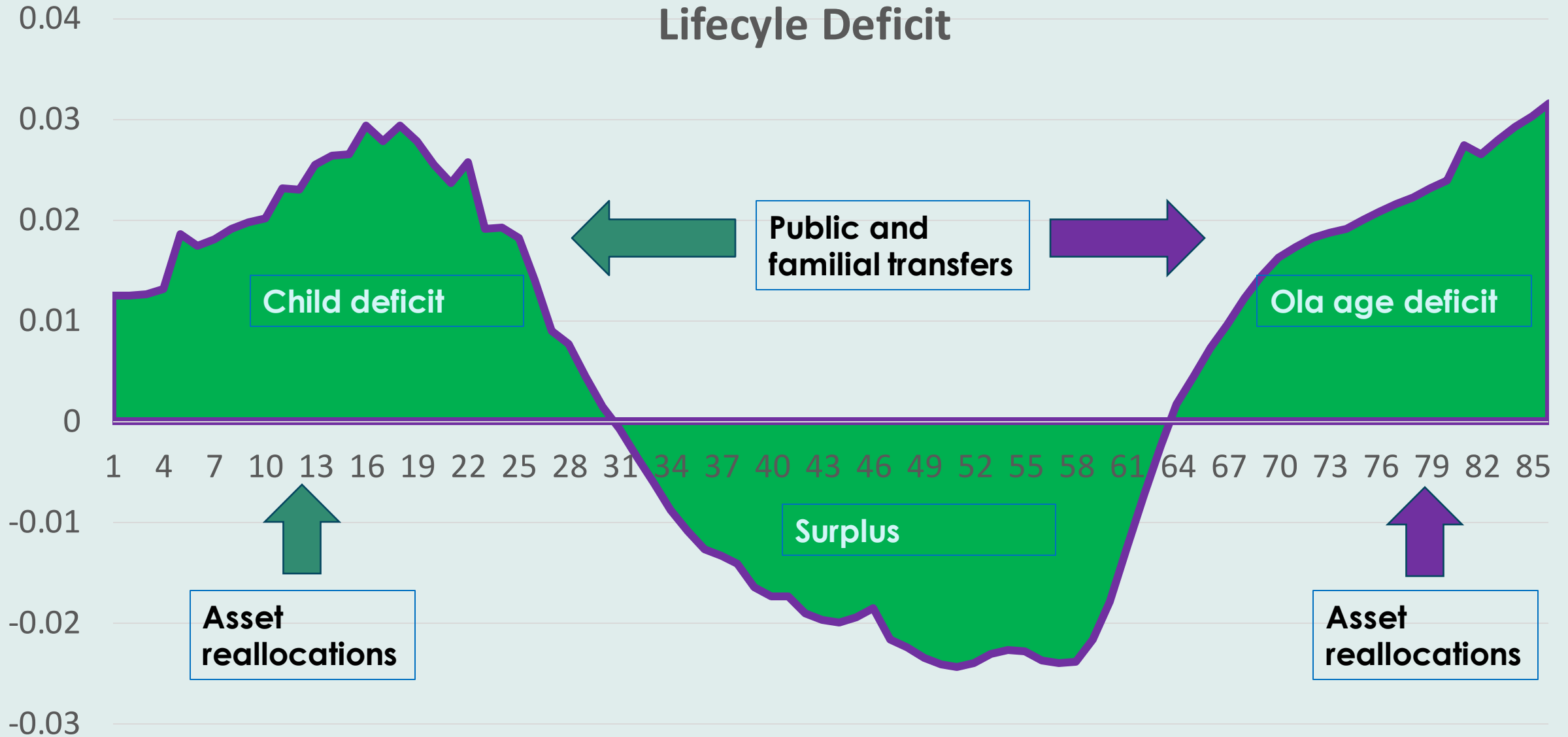


Source: Morné Oosthuizen & Toughedah Jacobs (2019) The Lifecycle Deficit in SA: Our results thus far. Paper presented at the NTA 2 African conference, Somone, Senegal



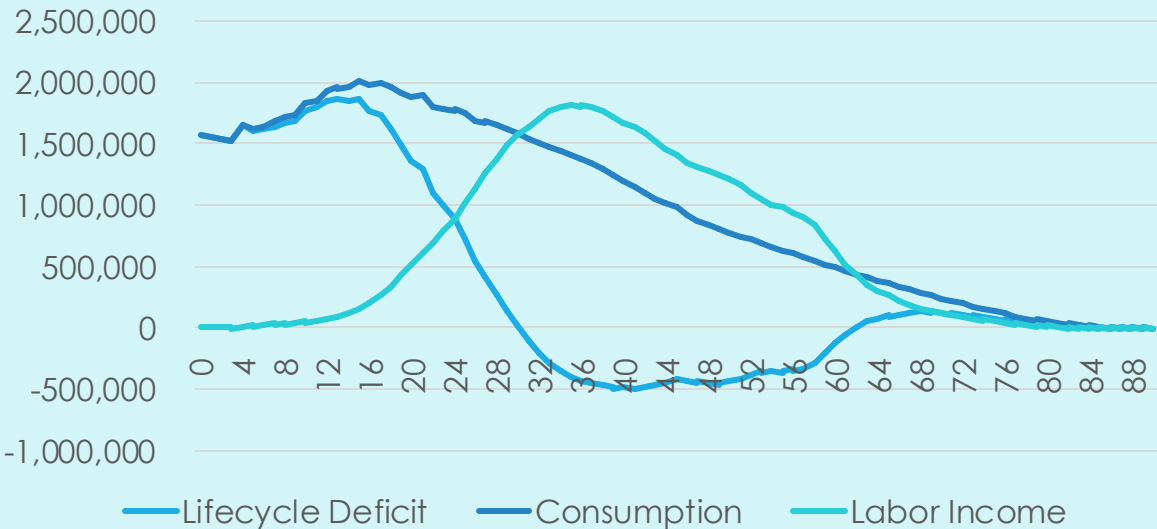
Source: Temple, Jeromey B, James M Rice and Peter F McDonald 2017. Ageing and the economic life cycle: The National Transfer Accounts approach. *Australasian Journal on Ageing*, Vol 36 No 4 December 2017. 271-278

Economics of Dependency and Ageing: Reallocations from the Lifecycle Deficit

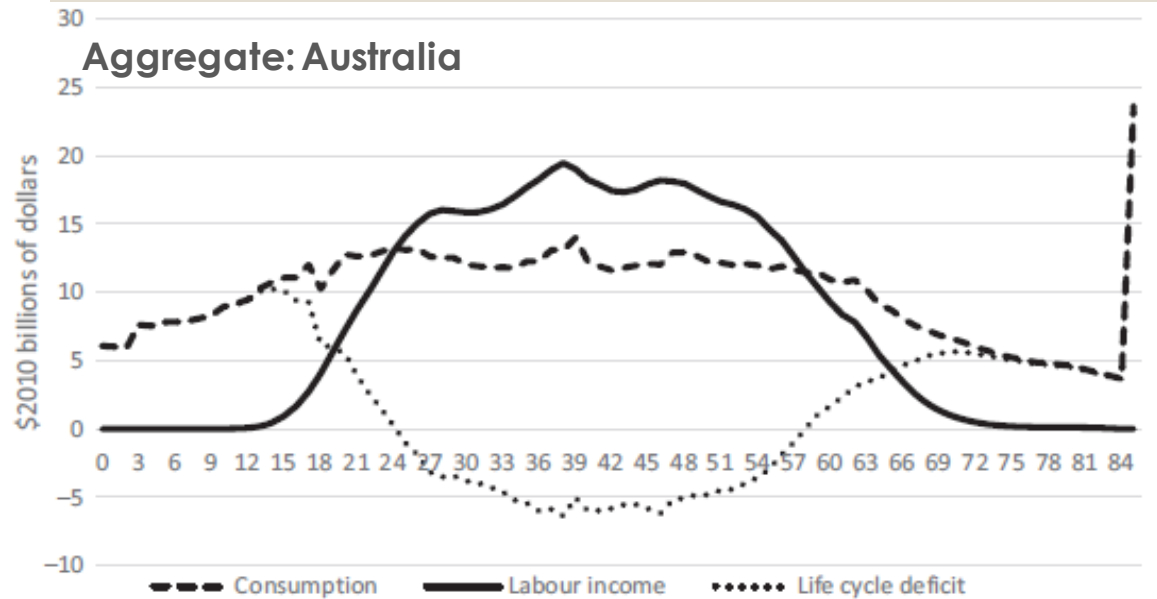


Age Profile of Aggregate Labour Income, Consumption and the Lifecycle Deficit (per capita)

Aggregate: Nigeria



Aggregate: Australia



❖ The NTA: Approach for measuring economic flows across age groups. Lifecycle deficit graph indicates that ...

1. Length of year of surplus and implications of productivity have implications for growing rich before growing old
2. Consumption Structure: the age-profiles of per capita consumption were rising almost continuously over time.
 - In developed societies, consumption having two peaks but the elderly peak becoming higher than that of the children due to aging. Consumption at old age relatively higher in developed countries.
3. Income structure of children and the older people is always short of their consumption expenditure.
4. Lifecycle Deficit period and length: Years of surplus (i.e. changing from net producers to net consumers) This impacts on year of retirement.
 - The LCD must be covered, with reallocations coming largely from the surplus of income generated at the lifecycle surplus stage during the current period or from assets accumulated during previous periods

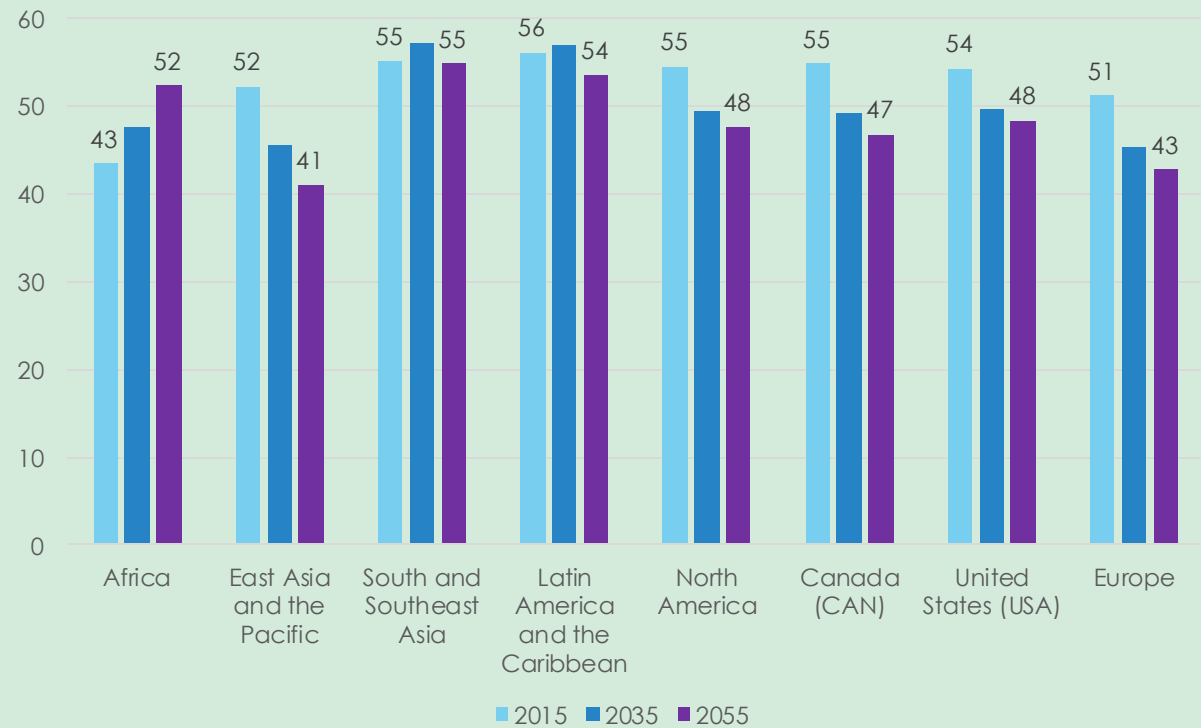
Lifecycle deficit and dependency in West Africa

	Age at which Surplus starts	Age at which Surplus ends	Length of Surplus in years
West Africa Monetary Zone	29	62	33
West Africa (Francophone)	27	64	37
All West Africa:	28	63	35
Nigeria, Male	28	63	35
Nigeria, Female	29	59	30

Source: Olaniyan Olanrewaju 2019. **Population Dynamics, Demographic Dividends and Sustainable Development of West Africa** Economic Commission for Africa (ECA), Sub-Regional Office for West Africa (SRO/WA), Niamey, Niger

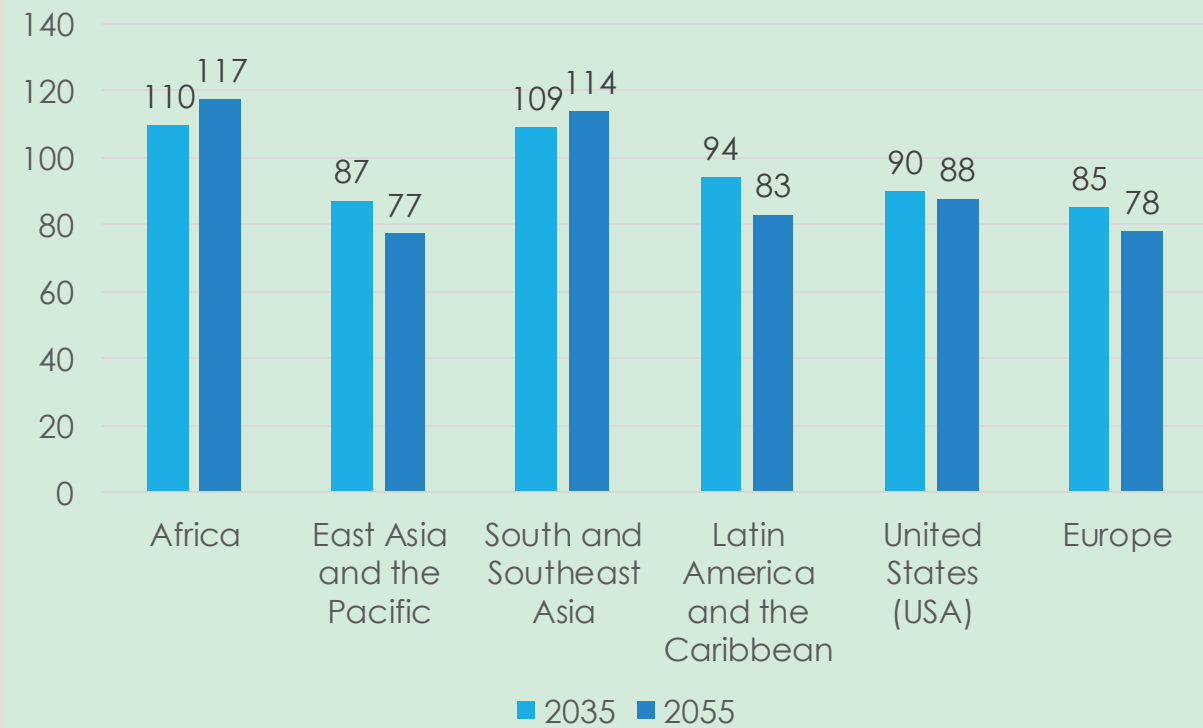
High support ratio is required for people in order to leave no one behind inside poverty

Support Ratio: (effective number of producers per 100 effective consumers)



Source: NTA data base downloaded from www.ntaccounts.org

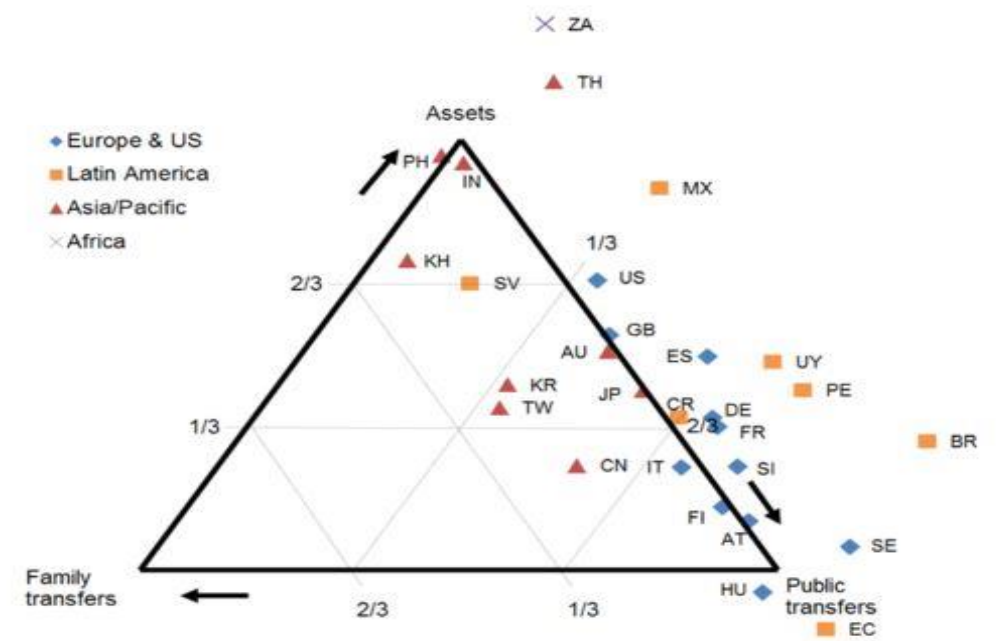
Fiscal Support Ratios (projected tax revenues relative to public transfers as % values in 2015)



Source: NTA data base downloaded from www.ntaccounts.org

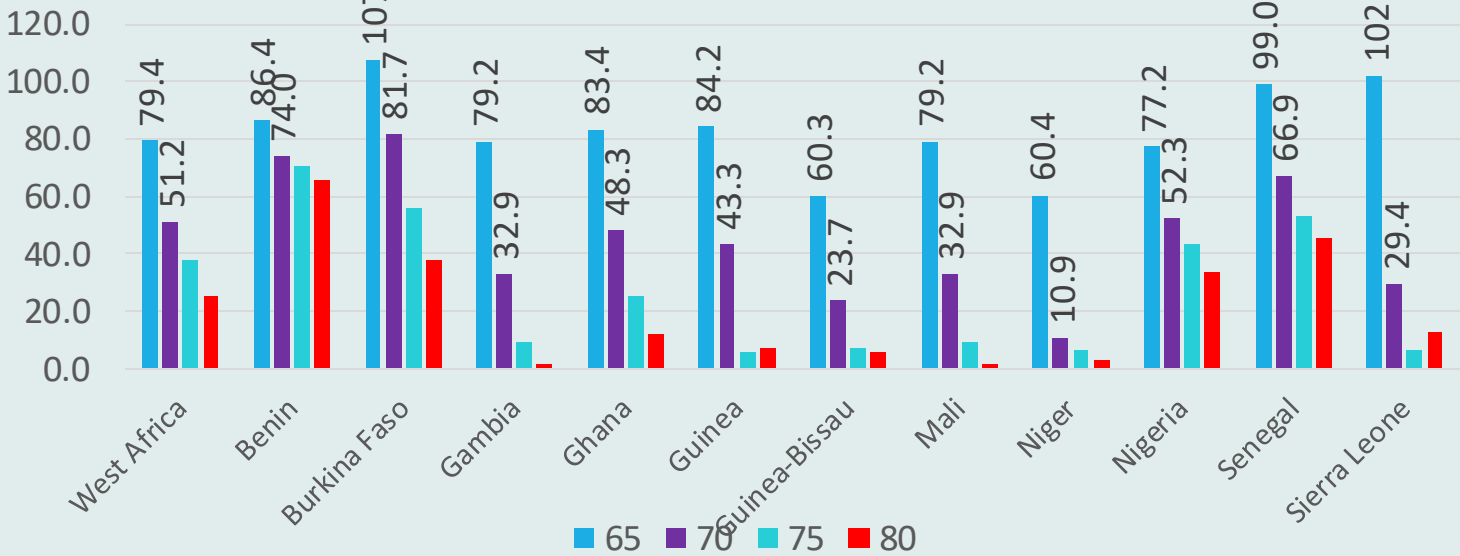
Africans must grow rich before they grow old

Old-age Support System, Selected Countries.

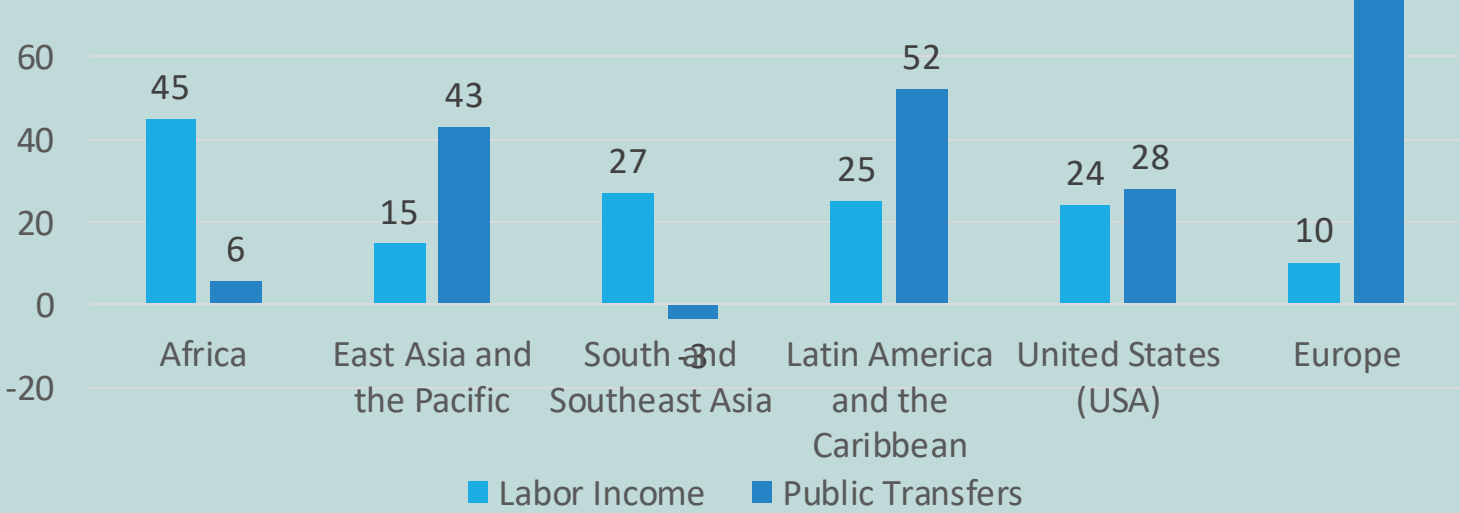


- Do African countries rely more on familial transfers, Public transfers and asset re-allocation rather than their labour income
- Will aging lead to a decline in spending on children and their human capital?
- Does the lifecycle deficit per elderly decline as the number of elderly rises?
- Can the finance of health care and long-term care be improved?

Labour Income as proportion of Consumption Finance for the Older Population (aged 65 and above) in West African Countries (%)



Labor Income and Public Transfer for the Elderly, Age 65+ (as % annual consumption)



Source: NTA data base downloaded from www.ntaccounts.org

Ageing in Africa: The Issues...

Realizing the Demographic Transition dividend: To affect Fertility (Child mortality, female education, social norms, family planning)

Realizing the Labor Force and employment Dividend:
To absorb Youth Bulge (FDI, domestic saving, human capital, migration;
(Agriculture and natural resources not sufficient)

Realizing the Savings, asset and investment Dividend:
Harness the 2nd dividend
(Improve policies and institutions for domestic savings)

Realizing the older population Employment dividend and optimal income combination (asset income, labour income, public and private transfers) to finance consumption

Realising the Second demographic dividends and issues surrounding the rising per capita costs of children and the elderly in African countries

How many years of the mean labour income of prime-age adults aged 30–49 is needed to finance the per capita LCD for a child and an elderly person

Should Africa be left behind since it has the lowest proportion of older persons aged 60 and above?

- **NO!!!**
- So *prepare for the future generation of older African population* by:
 - Building human capital today.. (Education and Health status)
 - Building the present generation to fill the gap in developed economy (Responsible migration)
 - Improving employment and entrepreneurship so that they can grow rich before they grow old (Employment and unemployment rates)
 - Preparing for life after retirement (Old age pension and social protection)
 - Ensuring that they understand the relevance and importance of the elderly thereby countering discriminatory notions about older people. Anti-discrimination legislation should explicitly protect them from abuse and deprivation, and recognize potential intersections with other forms of discrimination related to gender,
 - Ensuring that they have responsible governance structure that protects property rights, rule of law and protects savings, investments and assets

And the Future is already here...

Leave no continent behind...

- **Leave no woman behind.** Parents must be responsible for every birth and take responsibility for all children brought forth by them. Women must also be responsible for their pregnancy and child birth related issues
- **Leave no child behind** in receiving adequate human capital development if they must have successful ageing context. Every child must benefit from adequate transfer income while growing up to finance his/her deficit
- **Leave no youth behind** in integrating into the society. Their rights and knowledge determines how they perceive and take care of the ageing population. All youths and young adults must have adequate employment that allows them to grow rich before they grow old
 - Productivity and income in the continent is still very low to be able to support the older age, hence focus on continents with higher productivity
- **Leave no intending migrant behind**
 - Migration decision which is still a big issue. It can be brain drain as well as future old age burden in recipient countries. How can African countries benefit from investment made on these highly skilled migrants

And the Future is already here...

Leave no continent behind...

- **Leave no prime adult behind**

- from having the opportunity and mechanisms to accumulate wealth and achieve more financial independence needed for old age and depend less on government and their families

- **Leave no adult willing to work behind**

- by ensuring that people who seek work get employment. This will ensure that they grow rich before growing old. Leave no adult behind especially by ensuring that they transform their major source of income from labour income into asset income

- **Leave no older person in peculiar situation behind**

- (i.e. those in conditions of homeless, stateless, IDPs, and others in humanitarian settings)

- **Leave no elderly person behind**

- from being captured and benefitting from at least one social insurance programme including pension

◦ **THANK YOU**

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