



EVIDENCE BRIEF

Malawi: Harnessing the Demographic Dividend to Accelerate Socio-economic Transformation and Economic Development in Malawi (2016)



Why is it important?

Malawi's aspirations to transform into a middle-income country can benefit from the demographic dividend. This report highlights the results of a study carried out to assess Malawi's potential for harnessing the demographic dividend and the policy options that are required. The study reviews demographic, economic and human capital trends, challenges and opportunities, and their implications for Malawi's development; harnessing the demographic dividend under different policy scenarios; and a review of current policies and their performance in other countries. This report would be beneficial to those wishing to gain a better understanding of relevant demographic, economic, and human capital trends in Malawi.

Methodology

The study uses a mixed methodology approach, including a review of general literature on the demographic dividend and population and economic dynamics in Malawi; a collation of national demographic and socioeconomic indicators from various data sources; and modelling the potential demographic dividend that Malawi can earn under different policy and investment scenarios.

Key findings

Population and age structure changes

Two scenarios (Status Quo and Economic Emphasis) would lead to a slight reduction in the birth rate, from 5 births per woman to 3.94, which would decrease the dependency burden on the working age group, but the country will continue to harbour a high child dependency burden. The remaining two scenarios (Social Emphasis and Combined) would halve the fertility rate to 2.12, resulting in a marked

increase in the working age population and a relatively low dependency burden.

Working Age Population and Job-Creation Challenge

All four policy scenarios would have a significant increase on the size of the working age population, aged 15 years and above. All four show that Malawi will face a huge challenge in creating jobs for a rapidly growing labour force.

Change in Economic Growth and Average Incomes

The four different scenarios project different timelines for Malawi's transition to middle income status, ranging from 2030 (Combined and Economic Emphasis Scenarios) to 2040 (Social Emphasis Scenario) to 2054 (Status Quo Scenario). The demographic dividend is a long-term phenomenon requiring sustained investments.

Conclusion

A demographic dividend is not guaranteed and is time bound; therefore, it is recommended that the country act quickly by prioritizing policies and investments to accelerate a fertility decline, improve human capital, accelerate economic growth and job creation, and enhance good governance and accountability in service delivery and use of public resources.

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