



Maximizing the Demographic Dividend

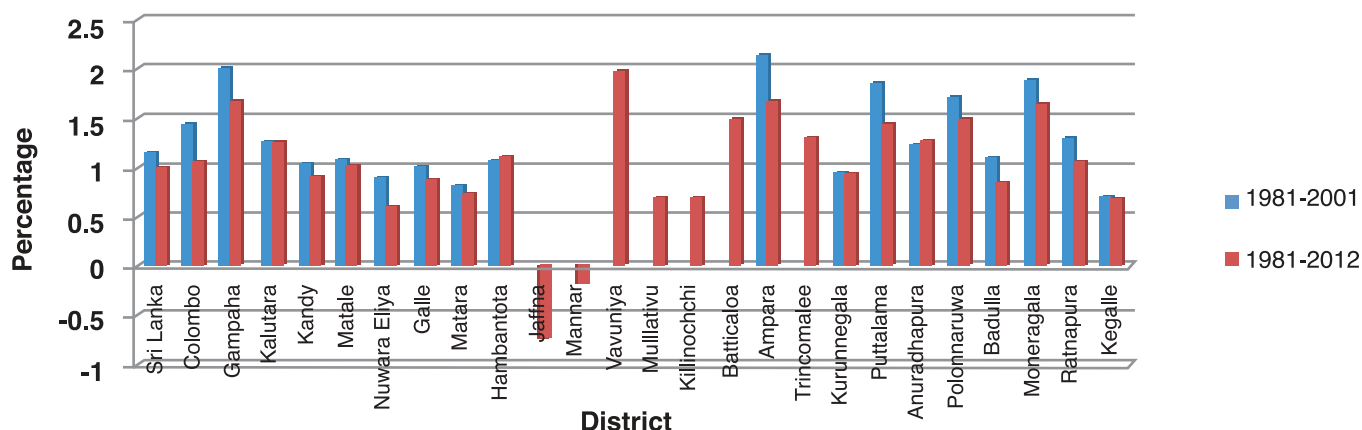


According to the 2012 Census, the total population of Sri Lanka is **20.2 million**, indicating that the annual average growth rate of the population had declined to 0.71% from 2001 to 2012. This is mainly attributed to declining birth rate, low death rate and an increase in out migration, reflecting the demographic transition of the population. These changes in the population composition have brought about challenges that need urgent attention. These include:

1. Managing the Demographic Bonus
2. Saving up for the Increasing Dependency
3. Preparing for an Ageing Population

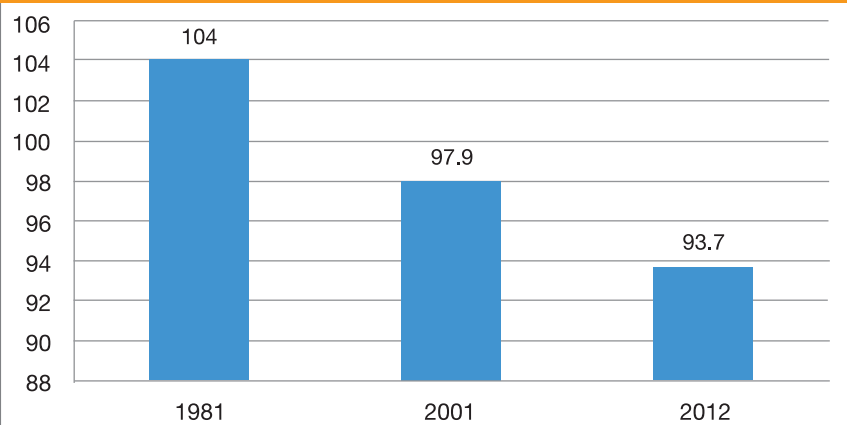


AVERAGE ANNUAL GROWTH RATE OF THE POPULATION BY DISTRICT, 1981-2001 & 1981-2012, SRI LANKA



Source: Drawn from Census Data, Department of Census and Statistics, 2012

SEX RATIOS 1981-2012, SRI LANKA



Source: Drawn from Census Data, Department of Census and Statistics, 2012

KNOW THE FACTS

Sex ratio is the number of males to females in a population

Sex ratio in Sri Lanka shows a continuous decline over the years and stood at 93.7 in 2012

Females outnumbered males by **650,000 in 2012**

Females constitute **51.6% of the total population** in Sri Lanka at present

Compared to 2001 census, population increase is 7.9%

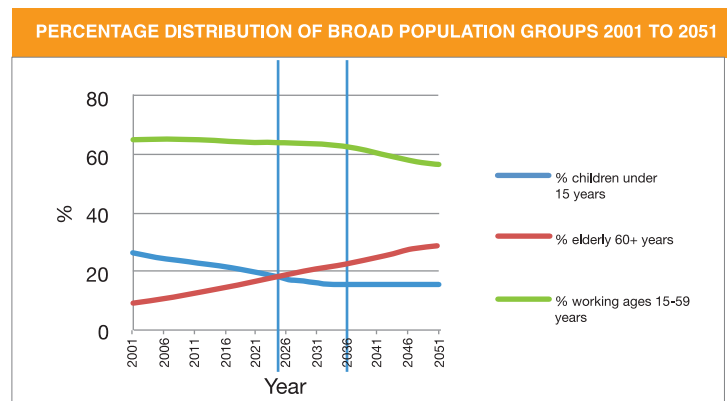
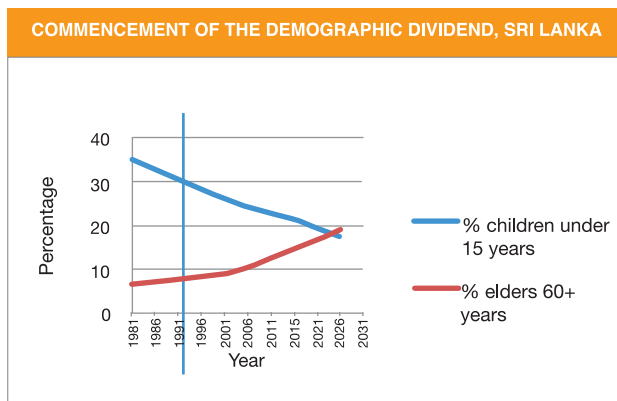
Average annual population growth rate is 0.7%

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MANAGING THE DEMOGRAPHIC BONUS

In almost all countries in Southeast Asia, a phenomenon called the **demographic bonus or demographic dividend** has had a positive impact on economic growth.

This demographic phenomenon has been a constantly debated topic among policymakers, researchers and other stakeholders. However, a demographic dividend will not last forever. During this period, the identification of socio-economic policy instruments that yield the maximum out of the demographic dividend is a priority. This is a challenging task for any developing country and Sri Lanka is not an exception.



Source: Drawn from Census Data, Department of Census and Statistics, 2012

What is the issue?

- According to the trends in the age structure, Sri Lanka is currently experiencing the first demographic dividend with a large working age population, which could raise total GDP, if productively employed.
- Some demographers argue that the demographic dividend will last only until 2017 but other analysis show that it will continue till 2037 as depicted by the above graph.
- Although the percentages of children less than 15 years of age and the elderly population aged 60+ years of age, respectively equilibrate in 2025, a noticeable decline of the percentage of working age population is only discernible from 2037, while the child population tends to stabilize around 15 percent only after 2037.
- This evidence confirms that the duration of the first demographic dividend is 45 years from 1992 to 2037.

Sri Lanka is left with another 23 years if the country desires to benefit from this historically produced demographic bonus

What needs to be done?

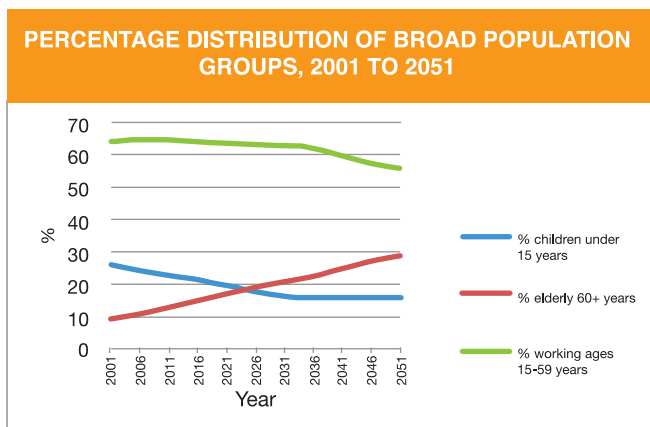
- The benefits of the demographic bonus are not automatic but policy dependent and hence the window of opportunity to reap the benefits of a large working population needs to be made use of productively. For this, investments need to be made with proper analysis of population dimensions, which ensure sustainable economic development that will enable the country to face future demographic challenges.
- The economic gains arising from this dividend can be realized only if employment opportunities expand as rapidly as the numbers seeking new jobs. Sri Lanka's situation is quite favourable right now since the rate of unemployment is relatively low.

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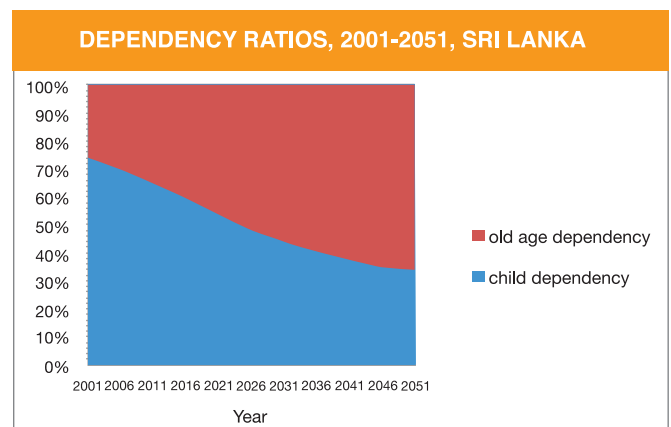
SAVING UP FOR INCREASING DEPENDENCY

Dependency ratio shows the number of dependents in the child (<15 years) and in the old (60 years and over) populations per 100 persons in the working ages.

Child age dependency ratio shows the number of children (<15 years) per 100 persons in the working ages while old age dependency ratio shows the number of aged persons (60 years and over) per 100 persons in the working ages.

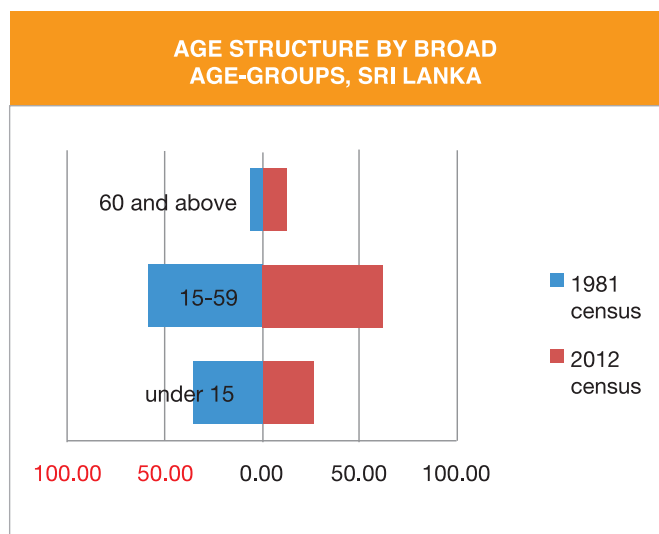


Source: Drawn from De Silva, 2007

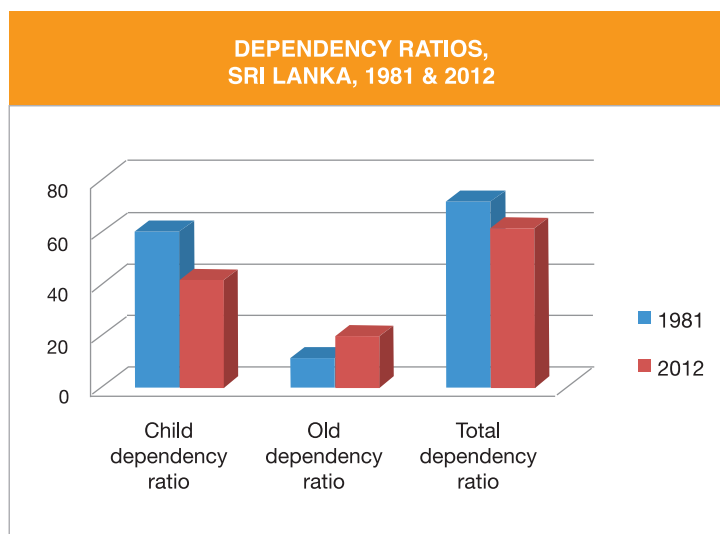


Source: Drawn from De Silva, 2007

- In Sri Lanka, the proportion of children under 15 years of age is projected to decrease from 26.3% in 2001 to 14.9% in 2051.
- The proportion of persons, whose ages range from 15 to 59 will change gradually, from 64.5% in 2001 to 56.2% in 2051.
- The proportion of persons aged 60 years or over is 9.2% in 2001 but by 2051, it will increase to 28.8%.
- Child dependency has declined and old dependency has increased since 2001 and continues through to 2051.
- In 2001, the total dependency ratio was 55.0 which means that there were 55 dependent persons for every 100 working age persons of which 41 persons were child dependents while 14 were old dependents.
- In 2012, the total dependency ratio was 60.2, which means there are 60 dependent persons for every 100 working age persons.
- As a result of the rapid growth in old age dependency, which out paces the decline in child dependency, total dependence of the population is expected to grow significantly from the mid 2030s.



Source: Drawn from Census Data, Department of Census and Statistics, 2012



Source: Drawn from Census Data, Department of Census and Statistics, 2012

What needs to be done?

- By maximizing on the current demographic dividend the country can save up for its older dependents.
- On the other hand, policymakers should look at more long-term measures such as retaining older workers in the labour force, pension policies, redefining skill profiles of older workers and changing social attitudes towards them.
- Investments in the health of the current working age population need to be made, particular of women as they are living longer, to ensure productivity and minimize future health costs to the economy.

3

PREPARING FOR AN AGEING POPULATION

Population ageing, the process by which elderly form a proportionately larger share of the total population, was one of the most unique demographic events of the late 20th century.

Since the impact of population ageing on society's socio-economic conditions may be amplified by the speed at which it occurs, it is imperative to recognize not only the degree but also the pace of the changes in the age structure. Sri Lankans are living longer, mainly due to historical investments in human development, health and education, which has resulted in a **rapidly ageing population**.

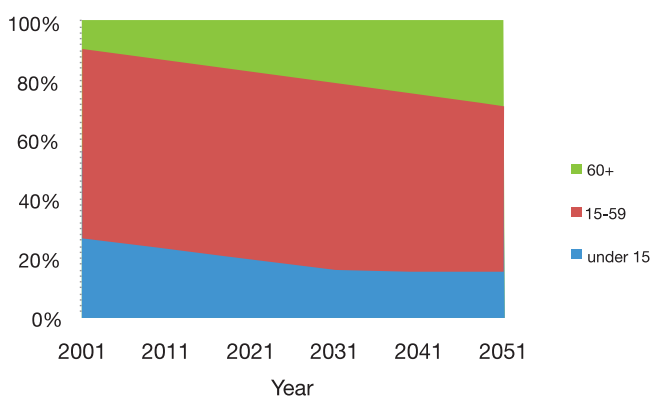
Factors contributing to the ageing of the population in Sri Lanka

- Fertility decline has been the principal determinant of population ageing. During the last half century, the total fertility rate decreased globally by almost half, from 5.0 to 2.7 children per woman. During the next half century, it is expected to decline to the replacement level of 2.1 children per woman. Sri Lanka is not very different to this scenario, **total fertility rate declined from 5.54 in 1960 to 2.31 in 2010**. Sri Lanka's fertility transition began in the 1960s and is still cruising through the third stage of the demographic transition.
- The decline in the mortality rate has been the other contributing factor to an ageing population. Advances in the medical field and improved access to health services have led to a sharp drop in infant mortality along with maternal and adult mortality. Strong campaigns to control infectious diseases such as malaria and tuberculosis, along with the successful control of recurrent epidemics of smallpox, cholera and yellow fever, added positively to improvements in the mortality rate as early as the 1920s. The mortality rate fell sharply in Sri Lanka when public health programmes and campaigns for sanitation were undertaken, particularly to eradicate malaria, which led to an increase in life expectancy by 14 years between 1947 and 1954.

Characteristics of Sri Lanka's Ageing Population

- **Feminization of ageing:** As women's life expectancy is greater than that of men, women represent a majority of the older population.
- Studies show that 80% of the elderly population lived in rural areas, compared with 13% in urban areas and 6% in the estate sector.

DISTRIBUTION OF POPULATION BY BROAD AGE GROUPS, 2001-51, SRI LANKA



Source: Drawn from Census Data, Department of Census and Statistics, 2012

KNOW THE FACTS

In Sri Lanka, current level of population aged 60 and over is 12%.

This will increase to 25% in 2041

By mid-century, 1 in every 20 will be aged 80+, compared to 1 in 10 in MDC's and 1 in 30 in LDC's

There will be only 79 men per 100 women aged 60+ and 62 men per 100 women aged 80+ by mid century



With the rapid ageing of the population in Sri Lanka the country needs to understand its social and economic implications and formulate short, medium and long-term strategies to tackle the potential challenges below.

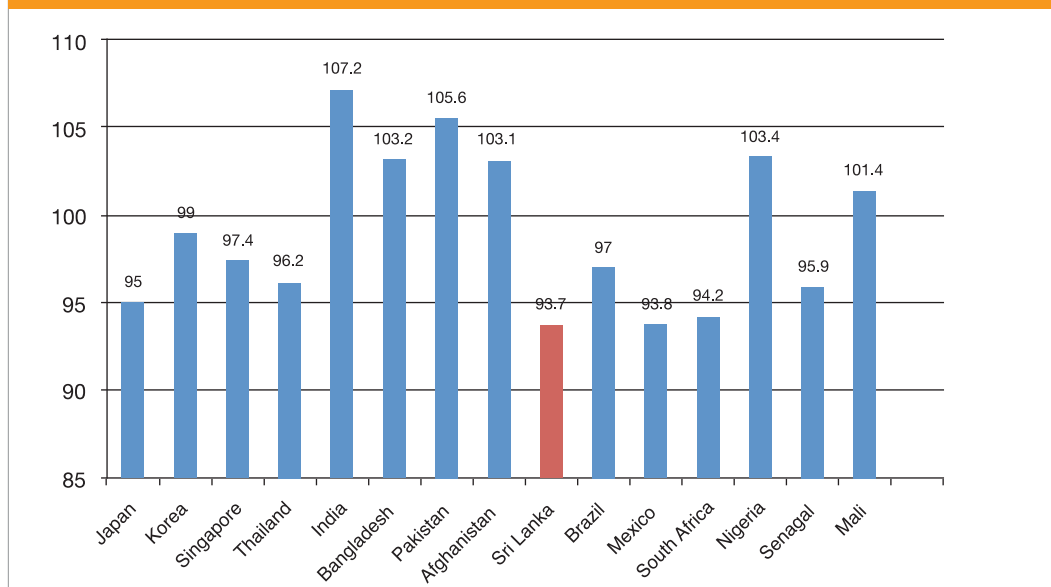
These include:

What needs to be done?

- Rising demand for medical services in old age and high medical costs could impose pressure on government and family budgets.
- An ageing population could lead to a drastic shift in the consumption and savings behaviour of people.
- Labour markets may also experience a shift in the supply of labour with implications for labour productivity.
- Ageing can also lead to the emergence of social welfare and gender-related issues. The combined effect of these changes could have an impact on economic growth and thereby the welfare of the people.
- The extent to which the family remains the primary source of care for older people, as it is the norm in Sri Lanka, will have important implications for formal arrangements for the care of older persons.

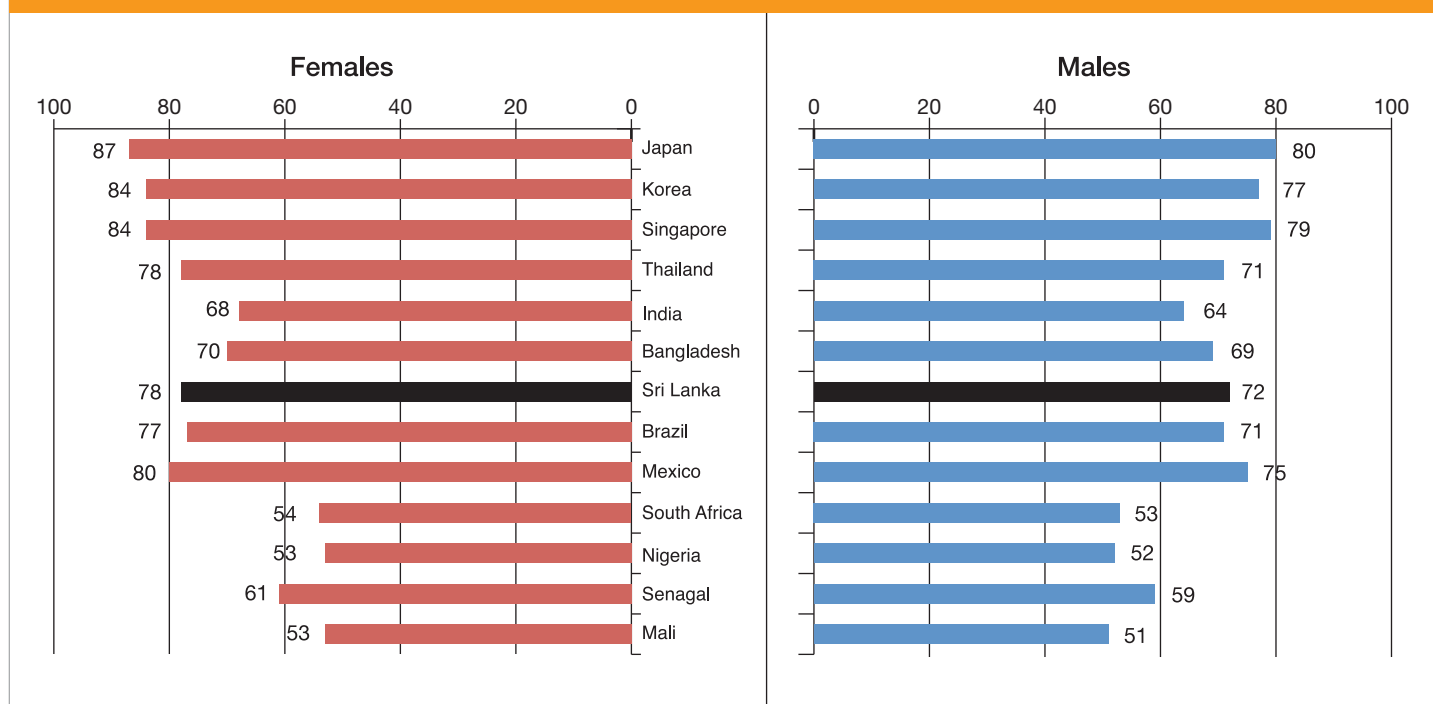
International Comparisons

COMPARISON OF SEX RATIOS IN SELECTED COUNTRIES - 2010-2012



Source: World Population Prospects, UNSD, 2012; Sri Lanka data from Census 2012

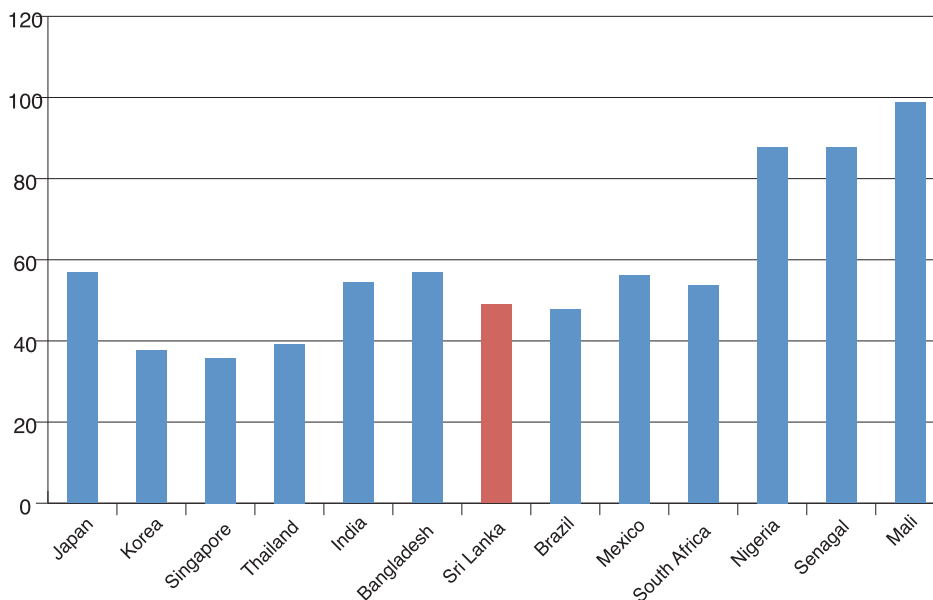
COMPARISON OF LIFE EXPECTANCIES AT BIRTH IN SELECTED COUNTRIES - 2010-2015



Source: State of the World Population, UNFPA, 2012

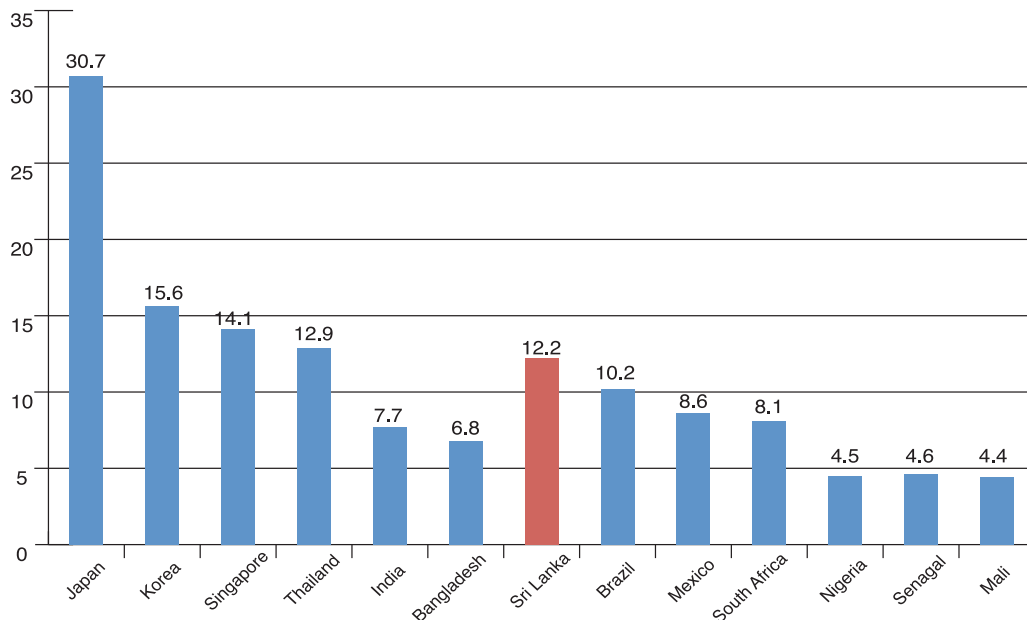
International Comparisons

COMPARISON OF DEPENDENCY RATIOS IN SELECTED COUNTRIES - 2010



Source: World Population Prospects, UNSD, 2012

COMPARISON OF PERCENTAGE OF POPULATION AGED 60+ IN SELECTED COUNTRIES - 2010-2012



Source: World Population Prospects, UNSD, 2012; Sri Lanka figure from Census 2012

What is UNFPA Doing?

With Sri Lanka recently emerging as a middle income country, UNFPA is shifting its activity focus from capacity building and service delivery to focus on addressing the three key population issues in Sri Lanka, through policy dialogue, policy advice and policy advocacy in the coming years.

POLICY

Provide technical assistance and build the capacity of the Dept. of National Planning for the integration of demographic variables into policymaking, development planning and budgeting using tools such as a comprehensive population situation analysis

Working with the Ministry of Finance and Planning in the analysis of demographic data to support the development and implementation of national public investment strategies

Supporting policy formulation and updates to address changing population dynamics

**POLICY
ADVICE
ADVOCACY
DIALOGUE**

DATA

Supporting the availability of data and knowledge on the status of reproductive health in Sri Lanka through:

- Dissemination of census data
- Further analysis of census data through preparation of in-depth monographs on major population issues such as ageing, family composition, gender and youth
- Support in conducting a Demographic Health Survey with special focus on gender-based violence and youth

Monitoring universal access to reproductive health through research and data analysis in partnership with the Ministry of Health