



POPULATION AGE STRUCTURE, HUMAN CAPITAL INVESTMENTS, AND THE DEMOGRAPHIC DIVIDEND

Introduction

Kenya stands at a demographic inflection point unlike any in its history – a threshold at which a demographic dividend becomes possible, but is not yet assured.

Among the pre-conditions for a dividend, Kenya’s fertility has declined in response to increased women’s empowerment, access to voluntary family planning, and education programming. As of 2024, the country counts 57.8 million people, with more than six in ten Kenyans — 60.7% of the entire population — already of working age. The dependency ratio sits at 0.65, meaning that for every hundred working-age Kenyans, there are sixty-five dependants to support.

The SDG-RAPID model for Kenya shows us that while conditions are more favorable than ever, the full dividend will only materialise if sectors accelerate conducive reforms – including increased job creation, human capital investments, and momentum on rights-based and gender-equitable programming. **The time to invest is now, before Kenya’s population ages and the window closes.**

What is the Demographic Dividend?

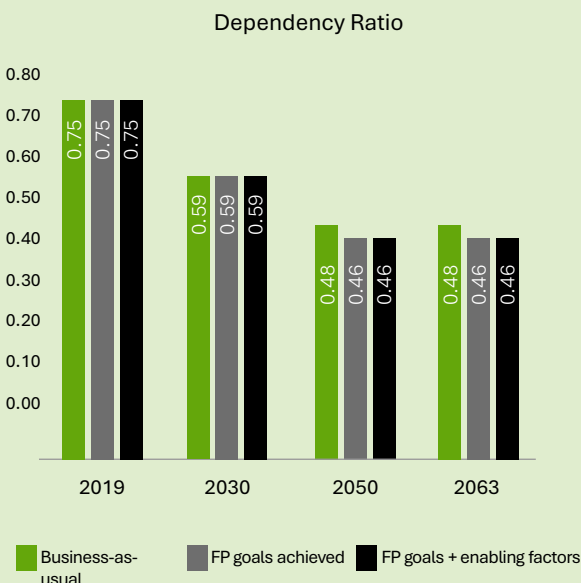
The demographic dividend, or DD, is the potential for accelerated economic growth that arises when a **country’s working-age population becomes larger relative to dependents**, following sustained fertility decline.

However, the dividend is not guaranteed. Sustained fertility decline and a decreasing dependency ratio **must be accompanied by multi-sector investments** — especially job-creating and investment-inducing economic and governance policies — which **convert demographic conditions into real economic gains**.

The dividend can then be achieved through several channels. (1) With fewer dependents, **families can save and invest more, and governments can redirect resources** from basic social spending toward growth priorities. (2) A large, employable labour force also **expands the economy’s productive capacity**. Likewise, (3) lower fertility allows families and governments to invest more per child, improving education and health outcomes, **yielding a better-education and healthier workforce**.*

KEY FINDINGS

Dependency Ratio



Kenya’s fertility rate and dependency ratios have been declining steadily thanks to investments in human capital – from 75 dependents per 100 working-age adults in 2019, to approximately 65 dependents today. That’s exactly the demographic configuration associated with an opening dividend window.

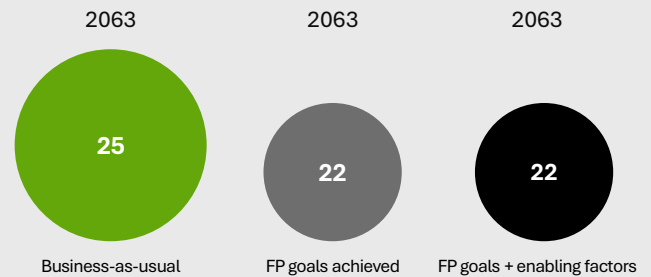
As shown by the SDG-RAPID model, accelerating investments in family planning (FP) and enabling factors, by 2063, will help the dependency ratio lower faster than business-as-usual.

In fact, the difference between 0.48 and 0.46 represents hundreds of thousands of fewer dependants drawing on the economy, a meaningfully different per-capita resource environment, and a different trajectory for every outcome that depends on household disposable income. Seizing this opportunity will mean: (1) ensuring the labour market can create enough decent work; and (2) raising productivity through investments in health and education.

*Sources: (1) Health Policy Project (DemDiv Explainer) – Health Policy Project, Demographic Dividend (DemDiv) Web App Overview, [ibgeography.pods.org]; (2) PRB Population Bulletin – Gribble, J. & Bremner, J., Achieving a Demographic Dividend, Population Bulletin 67(2), Population Reference Bureau; (3) UNFPA (Demographic Dividend Explainer) – United Nations Population Fund, Demographic Dividend

Adolescent birth rate

Every adolescent girl who can complete her education and delay first birth until her mid-twenties will have a child at a time when she and her household are better positioned to invest in that child's future. ABR is projected to fall from 66 births per 1,000 adolescent girls to 25, with an additional reduction to 22 possible with additional investment in enabling factors.



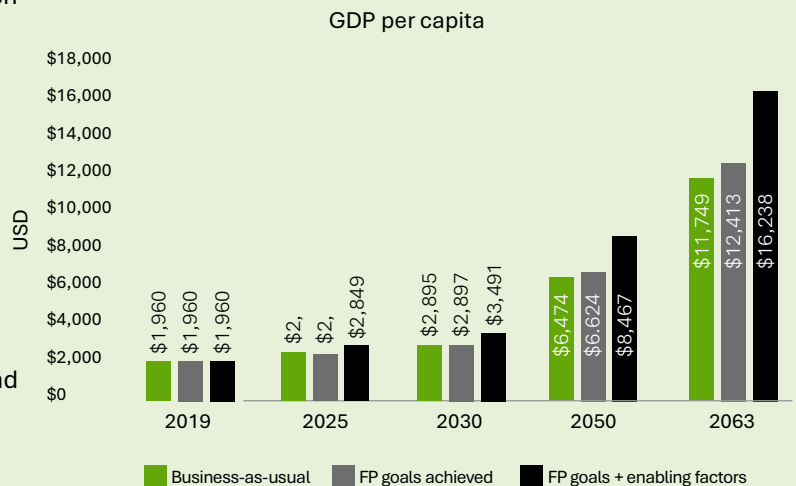
GDP per Capita

Kenya's dividend will only be achieved when the labour force is productively absorbed through job creation, education quality, health investments, and supportive macroeconomic policies.

As shown by the SDG-RAPID model, accelerating investments FP and these enabling factors, by 2063, will significantly boost GDP per capita.

GDP per capita increases slowly in all scenarios, but the cumulative effect of investing in FP + enabling factors compound over time.

By 2063, this results in a projected GDP per capita that is 38% higher than the current modelled trajectory.



Policy Implications

Findings from the SDG-RAPID model point to five policy levers that most directly determine which scenario Kenya moves toward over the coming decades:

- **Family planning access and quality.** Meeting the Kenya Reproductive Health Policy 2022-2032 targets would support families to realise desired family sizes, lower adolescent birth rates, and modify age structure—sustaining the demographic change required to achieve the dividend. Moreover, strengthening reproductive health services supports women's economic participation.
- **Labour market absorption capacity** demands not just job creation but job quality — sufficient productivity per worker to generate the savings and investment that fuel the economic side of the dividend.
- **Education and skills investment** are necessary for increasing productivity, tax revenues and savings.
- **Social protection architecture for ageing** will be needed, with nearly 9 million Kenyans over 65 by 2063.

Conclusion

The single most important takeaway from the three scenarios of the SDG-RAPID model in Kenya is **the compounding effect of early interventions.**

By 2063, the cumulative demographic and policy difference of the most ambitious scenario amounts to a **DD result that is 38% higher than business-as-usual.**

None of these differences happen overnight. Each is the accumulated result of a decade or more of consistent investment in girls' education, access to family planning, and reproductive health policy.