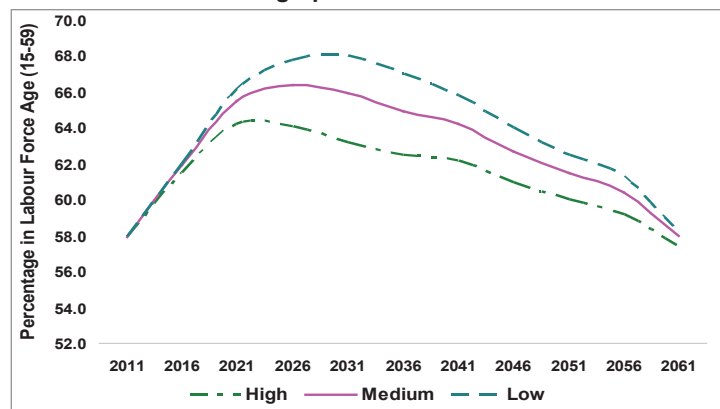


Realising the Demographic Dividend through Investing on Young People in Bangladesh

The economy of Bangladesh has steadily grown over the last two decades. However, utilising the potentials of youth population remains a big challenge. The country, being at the middle of the period of demographic transition, is yet to reap the benefits of its demographic profile. The demographic dividend is not an induced phenomenon rather it is a structurally given time bound phase, which requires 'quality' human resources endowed in terms of education, health and skill. Given the gap in policy efforts to prioritise public spending for human capital development with youths being in the forefront, the country must prioritise youth development in its national plans and policies as well as in resource allocation to reap the benefits of demographic dividend in coming years.

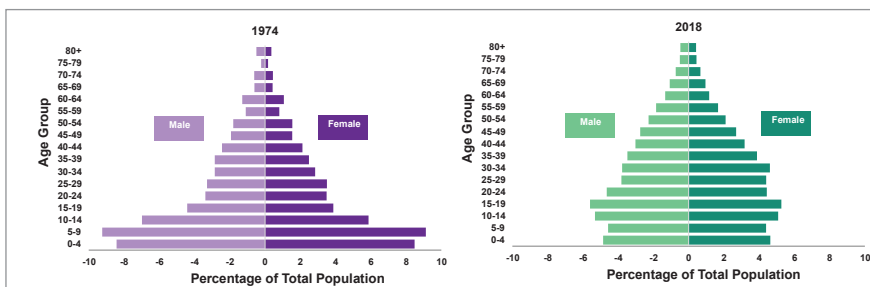
A positive driver associated with the age composition is first demographic dividend. The first demographic dividend occurs when proportion of the population in the labour force increases relative to other age groups (as reflected in a declining dependency ratio). It is a transitory event -provides a one-time "window of opportunity", for investing heavily in human resource development to accelerate economic growth and social development. With population ageing, the dependency ratio increases again, the "window" gradually closes and the dividend is no longer available. Bangladesh has entered into this window of opportunity in 1990s, and three variants of population measurement suggest three-time frame for the closure of the dividend. It appears that Bangladesh would benefit from a demographic dividend until sometime between 2021 and 2031.

First Demographic Dividend Window

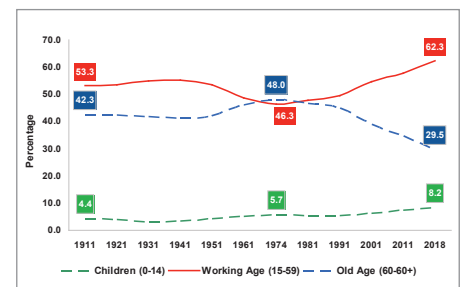


Note: The high scenario assumes that Total Fertility Rate (TFR) would remain constant at 2.3 (current level) for the entire projection period. The medium scenario assumes that TFR first drops to 2.1 (replacement level) in the 2011-2016 period, then to 1.9 (below replacement level) by 2016-21, and remains there until 2061. The low scenario is similar to the medium scenario except that it drops to 2.0 (below replacement) instead of 2.1 in the period 2011-2016, and 1.6 instead of 1.9 in the period 2016-2021.

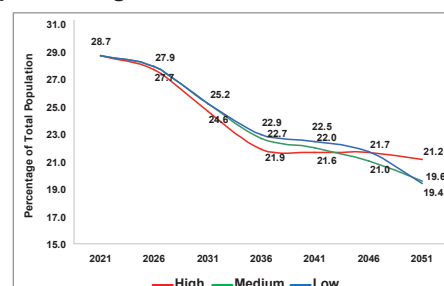
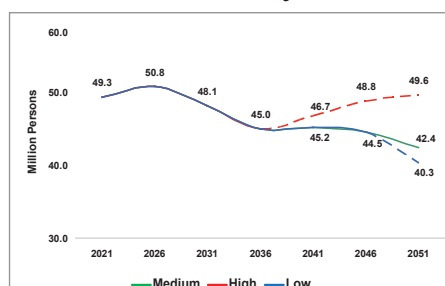
Changing Population Structure in Bangladesh



Population Dynamics in Bangladesh

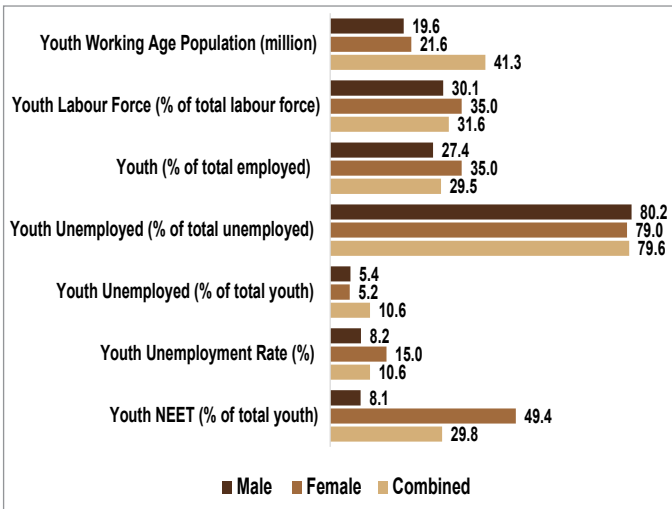


Projection of Youth Population aged 15-29

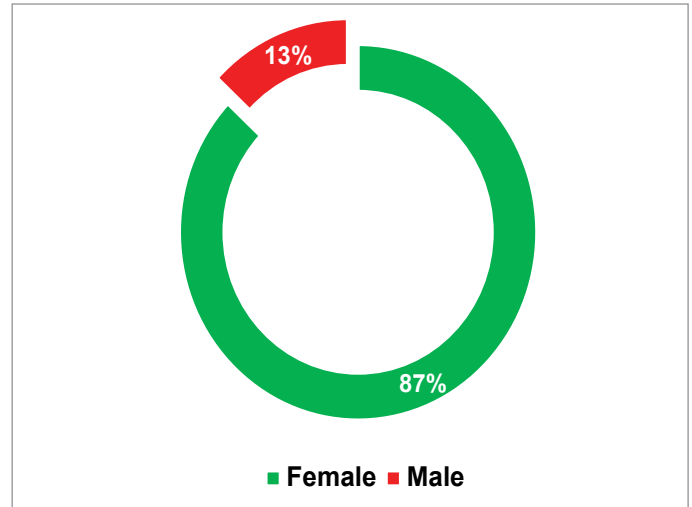


Physiognomies of Youth Population

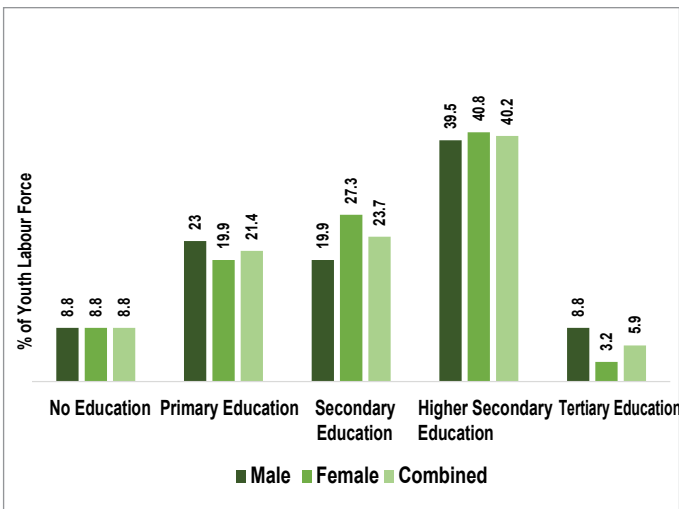
Labour Market Profile of Youth



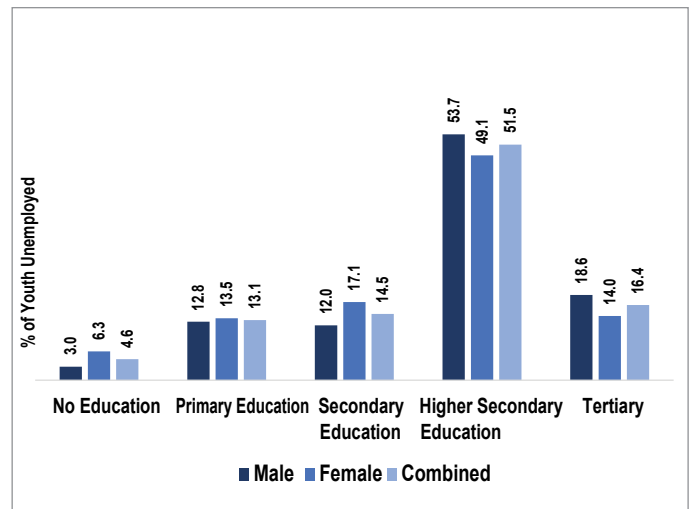
Youth Not in Education, Employment or Training (NEET) by Gender



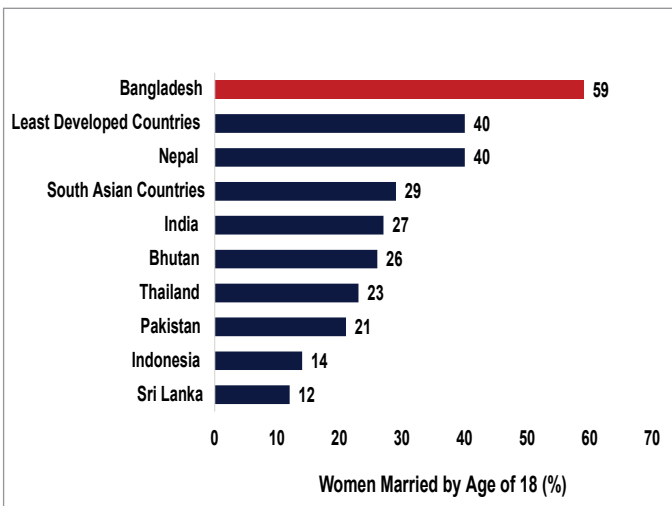
Education Status of Youth Labour Force



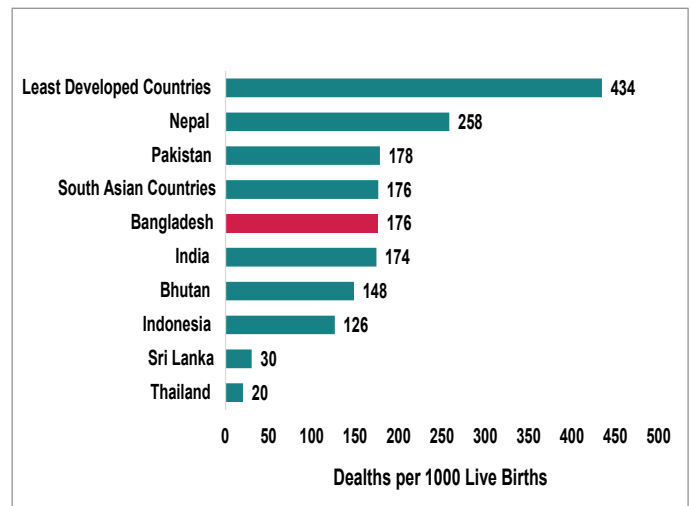
Education Status of Unemployed Youth



Child Marriage Across Different Countries for 2003-2017

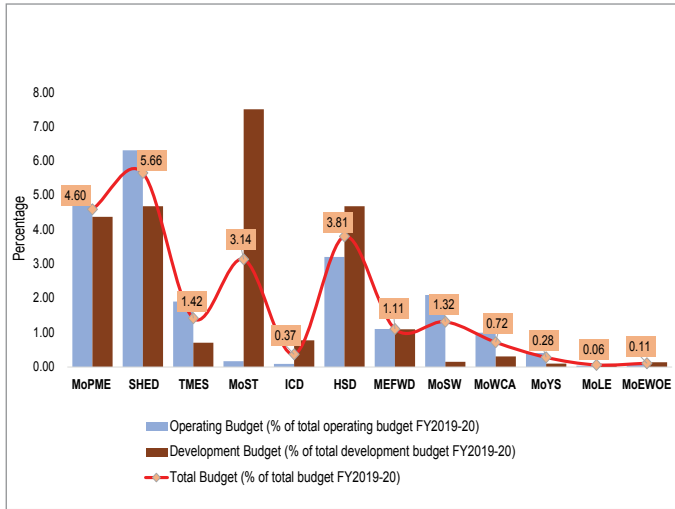


Maternal Mortality Ratio Across Different Countries in 2015

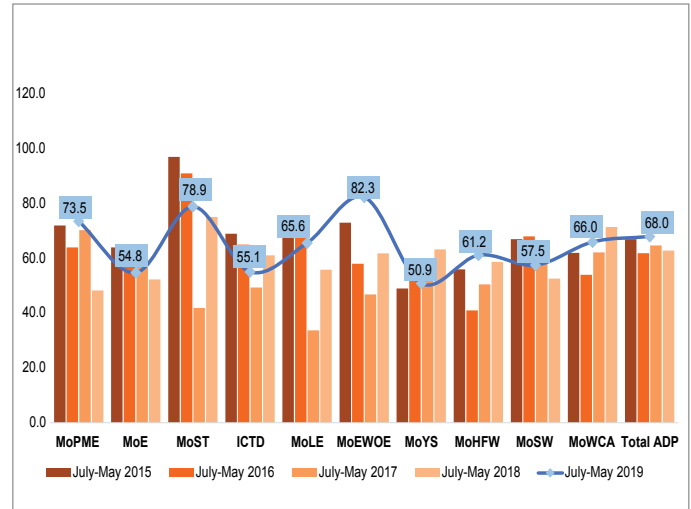


Youth Sensitivity of National Budget

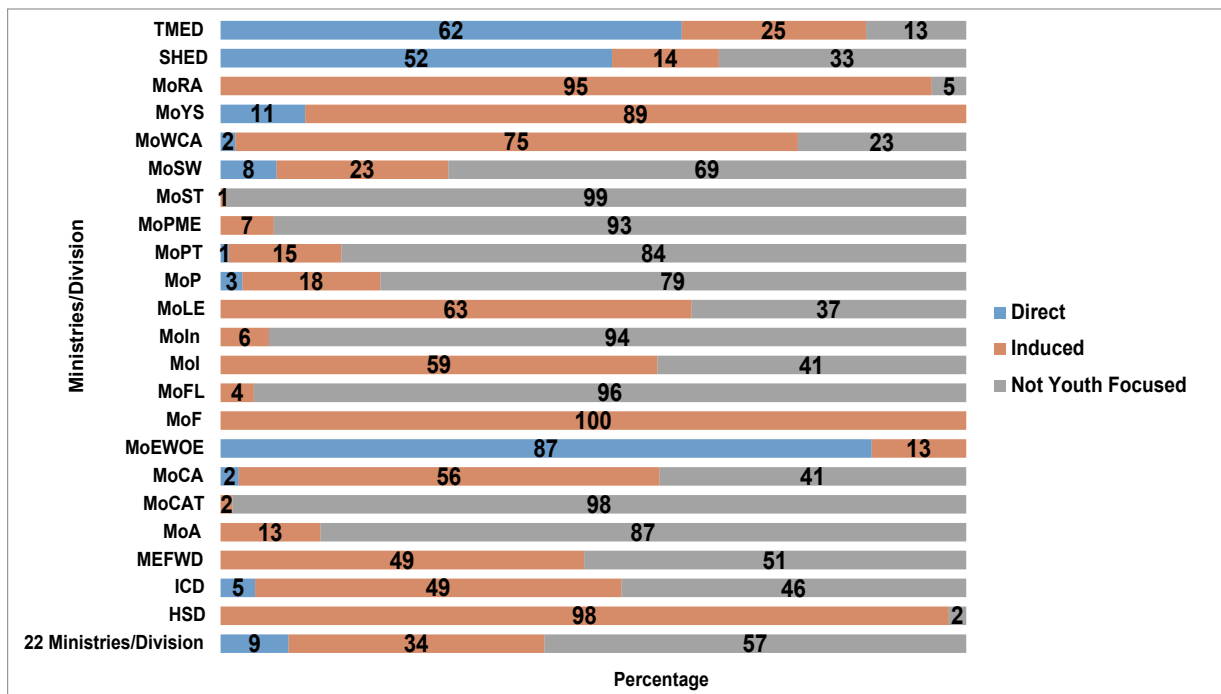
Share of Relevant Ministries/Divisions in Total Budget for FY 2019-20



ADP Implementation Trend of Relevant Ministries (July-May)

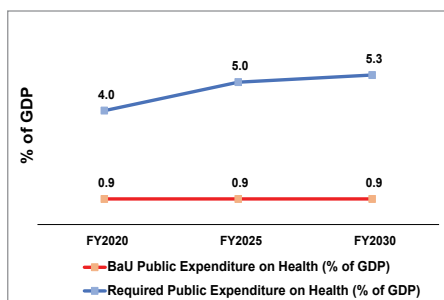


Youth Sensitivity of Proposed ADP for FY 2019-20

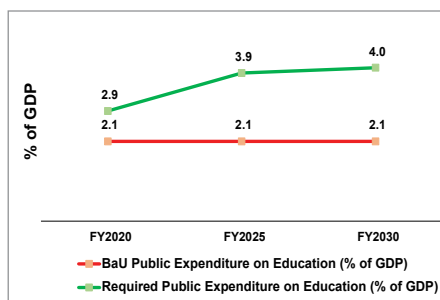


Additional Public Spending Required to Achieve the Relevant SDGs

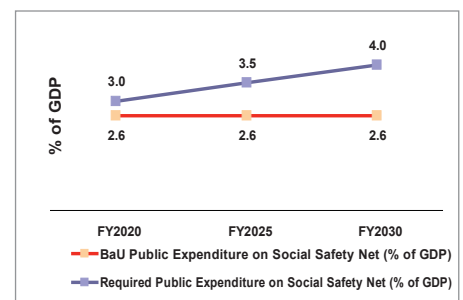
Health



Education



Social Safety Net



Data Sources: Finance Division, Ministry of Finance, Bangladesh; Implementation, Monitoring and Evaluation Division (IMED), Planning Commission, Ministry of Planning, Bangladesh; SDGs Need Assessment and Financing Strategy: Bangladesh Perspective, General Economics Division (GED)

Key Policy Recommendations

Budgetary Allocation

- Prioritising budgetary allocation in social sectors such as health, education and social safety net is essential to maximise the plausible benefits of demographic transition. Market solutions are inadequate in this regard and therefore, significant investment from the state is a pre-requisite.
- To prioritise resource allocation for young people, initiatives like 'youth budget' can be an important policy instrument.
- The budgetary allocation should focus on specific projects and strategies dealing with the mismatch of skill prevalent in the labour market of Bangladesh.

Education and Skills Training

- The information asymmetry regarding the prospect of different skills needs to be alleviated by steps such as collaboration between TVET and standard schooling, short courses on TVET in the standard system, and overall strengthening of collaboration between vocational institutes and industry.
- It is high time to re-evaluate the indicators of the success of the education sector and critically examine the process of absorbing the drop-outs into the labour market. Education and training, while coupled with research can prepare the nation for the fourth industrial revolution.

Diversified Sectors

- In addition to RMG sector, exploration of diversified sectors, such as, frozen food, leather, chemical, cottage industry, IT, catering and restaurant, nursing, tourism etc. can ensure employment of young labour force in the labour market.
- The currently dominant sectors by number of employment such as, agriculture etc. can attract youth towards them and ensure a higher return if modernised by provision of technology, training and financing.

Gender Gap

- Demographic dividend cannot be maximised without addressing the gender gap. Investing in SRHR (Sexual and Reproductive Health Rights), nurturing the care industry and incentivising establishment of daycare centres at the workplace, the extension of maternity leave, introduction flexible and part-time working hour for the private sector can close the gender gap to a great extent.
- Increasing representation of females at the tertiary level of education and translating that representation into the labour market participation requires a holistic approach like preventing child marriage and early pregnancy.

Good Governance, Monitoring and Evaluation

- The importance of good governance in order to utilise the demographic dividend cannot be overemphasised.
- In addition, inter-ministry co-ordination is crucial for successful implementation of projects.
- In order to utilise the scarce resources properly for youth development, effective (midterm and end year) monitoring and evaluation of projects is required. In this connection, in addition to monitoring quantitative targets of development projects, qualitative evaluation on the basis of the goals set by the SDGs should be considered.

Conclusion

Although Bangladesh is going through a demographic transition, converting its youth population to dividend necessitates timely and effective steps from the government. Such policies require targeting both demand and supply-side bottlenecks, which should include policies related to greater allocation in social sectors, effective coordination of industry and educational curriculum to resolve the mismatch in skill, and gender-specific policies to bring a greater proportion of women in the mainstream labour market etc. Though the demographic transition is a natural phenomenon, translating this into an accelerated economic growth to turn it into dividend will require a rigorous implementation of well-thought-out policies.

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