

A 3E Policy Framework to Reap the Demographic Dividend: Empower, Educate, Employ

A Report by the Global Agenda Council on the Demographic Dividend



The demographic dividend is the economic payoff that can occur when there are relatively large numbers of people of working age. This can occur when substantial declines in fertility lead to a lower share of dependent young children in the population—a boon that will last until the bulge of workers begin to age and retire and the number of dependent elderly rises.

Many developing countries, especially in Africa and Asia, face such a potential demographic dividend today, because they've undergone a rapid decline in the number of children born to each woman, and their young people today will represent a proportionately large working age population with fewer dependents

in the coming 20-40 years. But the demographic dividend is not automatic, and realizing it depends on appropriate and timely public policies and investments.

While there is no one set of 'magic bullet' policies that apply to all countries, there are key mutually-reinforcing policy actions that can enhance the realization of a demographic dividend, namely actions to **Empower, Educate and Employ (EEE)** the population. While such actions should affect all those of working age, evidence shows that early timely intervention, when those workers are still young and in their formative years, have the highest returns. As age structures, economic opportunities and social developments vary between countries, specific policies and public investment should be tailored to each country.

Empower

A critical foundation for the demographic dividend is ensuring that all people have the rights and freedoms to define their lives, pursue an education, join the productive workforce, and accrue wealth. These rights and freedoms respond to the potential in all persons, including those suffering from discrimination, stigma, and exclusion. Enriching opportunities for all persons at the individual level contributes to the economic growth of households, communities and the nation.

These rights and freedoms include reproductive rights, to ensure that every pregnancy is wanted and every childbirth is safe. All young people, especially girls, need to be free from forced or coercive marriage, ensured the right to marry when and whom they choose, and have the means and the knowledge to choose the number and timing of their children. Families deserve the protection to effectively balance work and family life, confident in their own health, and the well-being of their children.

The empowerment of women is especially critical to achieving a demographic dividend, especially in those countries where fertility rates remain high. Women who are freed from unplanned or unwanted pregnancies not only survive their reproductive years in better health and raise healthier children, but are far more likely to contribute to development as economic actors and entrepreneurs. Research results from the Family Planning and Maternal Child Health (FPMCH) program in Bangladesh are demonstrating that family planning contributes to healthier families, better-educated children and improved economic security for women, families, and communities.¹

Women's full participation in economic life played a critical role in the recent economic development in many Asian countries, and harnessing the ambition and capacity of women is a powerful engine for growth.

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If the right public policies ensure empowerment, education, and employment— economic returns can be high.
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Educate

Second, the working-age population will not be able to take advantage of new industries, innovations in the economy, or the possibilities for entrepreneurship if they are not prepared. A demographic dividend depends on people, generating and capitalizing on new economic opportunities, and the new information-based economies that place high demands on literacy, numeracy, and the mastery of rapidly evolving communication and management tools. National policies that ensure lifelong access to education— universal and of high quality— are

absolutely essential to ensure that workers garner the skills and expertise to work productively.

Education systems must also be responsive to the changing nature of work, and the changing demand for skills in each country. For that, there must be a close partnership with the private sector to ensure that the needed skills are identified and developed, whether through public or private sector efforts. Recent evidence shows that non-cognitive as well as cognitive skills are concerns.² At the same time, public policy is critical to the level and quality of education and the readiness of the local workforce, and the regulations and standards of employment.

Employ

Finally, a demographic dividend can only be realized if the skills that are developed are deployed in productive activity. The economies of East Asia have relied on employment opportunities from export-led industries in the manufacturing and service sectors. Policies to promote openness and trade would thus be most beneficial. In addition, governments could promote an investment climate that stimulates firms to move up the value chain and to enhance productivity through good competition. And for those who remain self-employed, addressing constraints like access to credit and enhancing entrepreneurial skills would be on the agenda.

In many countries, especially in South Asia and Africa, a significant portion of the employment still remains in the rural areas which are not the preferred destination of many young workers. Here, the problem is not high levels of open unemployment as much as it is low productivity. The policy agenda here would include developing a secure and efficient land tenure system that protects property rights, credit access and basic infrastructure.

A quarter to a third of all the economic growth experienced by the fast-growing East Asian tigers have been attributed solely to their ability to cash in on the demographic dividend. By the same token, some Latin American countries that experienced a demographic transition but failed to employ the right mix of policies realized a far smaller economic boon, and now risk the prospect of growing old before they get rich.

References:

1 Gribble & Graff (2010). *Family planning improves the economic well-being of families and communities*. Population Reference Bureau.

2 Heckman & Rubinstein (2001). *The importance of non-cognitive skills*. *The American Economic Review*, 91, 145-149.