



# Demographic &/or Education Dividend: Opportunities and Challenges

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# Acknowledgements

- Abbasi-Shavazi, MJ, Sadeghi, R, and Hosseini-Chavoshi, 2018, **Demographic Window of Opportunity and Labour Market in Iran: Opportunities and Challenges**, Office of Development of Entrepreneurship and Employment, Ministry of Cooperatives, Labor, and Social Welfare, and UNFPA.



- Introduction
- Why focusing on youth and DD?
- Demographic Dividend vs Education Dividend
- Implications for Iran
- Take home messages and policy implications



# Young Years as Demographically Dense



- ....the young years represent a period of multiple transitions, as more demographic action occurs during these years than during any other stage in the life course.
- The density of events during the young adult years would be more dramatic during periods of rapid change, because young adults typically are the engines of social change (Rindfuss, 1991: 494- 499).



# Demographic Dividend: Conventional Model



Demographic dividend occurs when a falling birth rate changes the age distribution, so that fewer investments are needed to meet the needs of the youngest age groups and resources are released for investment in economic development and family welfare.

That is, a falling birth rate makes for a smaller population at young, dependent ages and for relatively more people in the adult age groups—who comprise the productive labor force. It improves the ratio of productive workers to child dependents in the population. That makes for faster economic growth and fewer burdens on families.

Ross, 2004

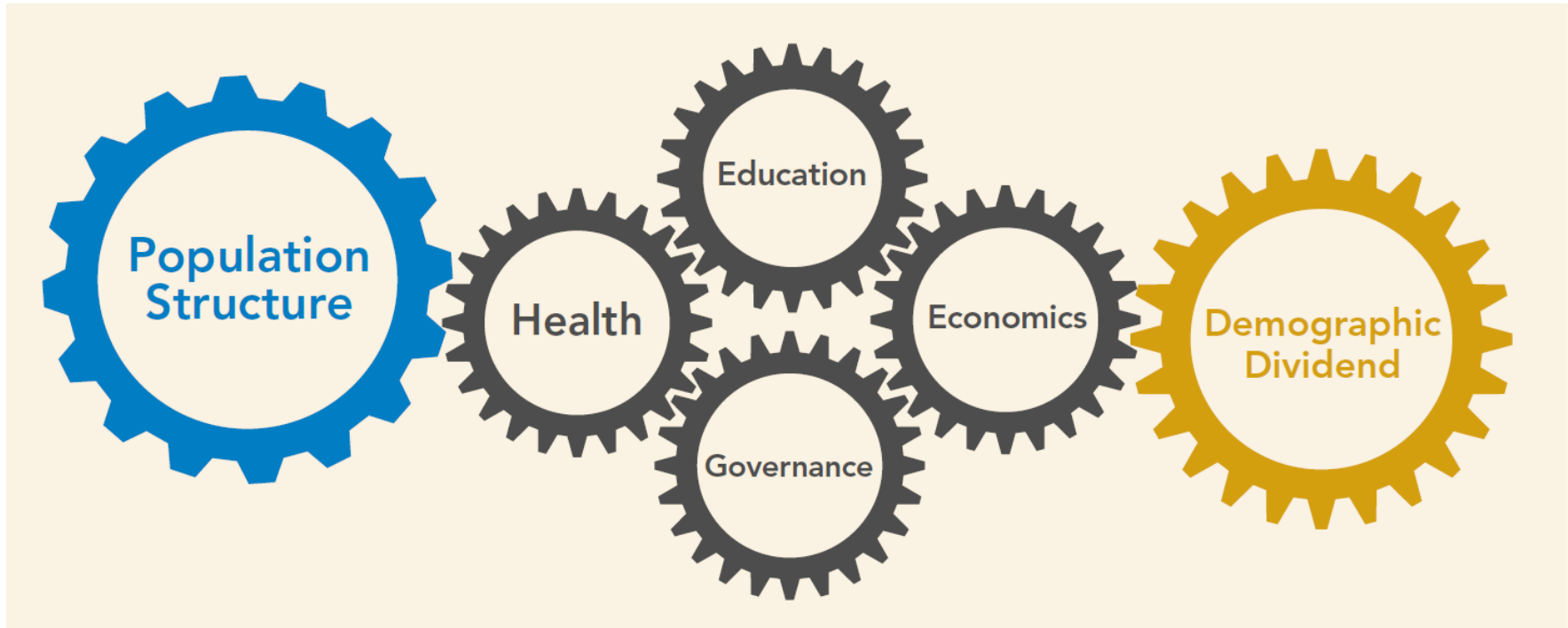


# How does the demographic dividend help?



- *Labor Supply*
  - *Fertility falls, less children, more labour*
- *Saving*
  - *Adults tend to earn more, can save more, and this is potential source of investment*
- *Human Capital*
  - *Having fewer children enhances women's health, less need to feed children, the money can be spent on children's' education (Ross 2004)*

# Defining Demographic Dividend



Source: African Union Commission, and Economic Commission for Africa, 2013

## **The Demographic Dividend is an Education-triggered Dividend**

A recent paper in *Demography* sheds new light on our understanding of the effects of population change on economic growth, with education rather than fertility decline being the main demographic driver.

### A: Conventional Demographic Dividend Model



### B: Education-triggered Dividend Model

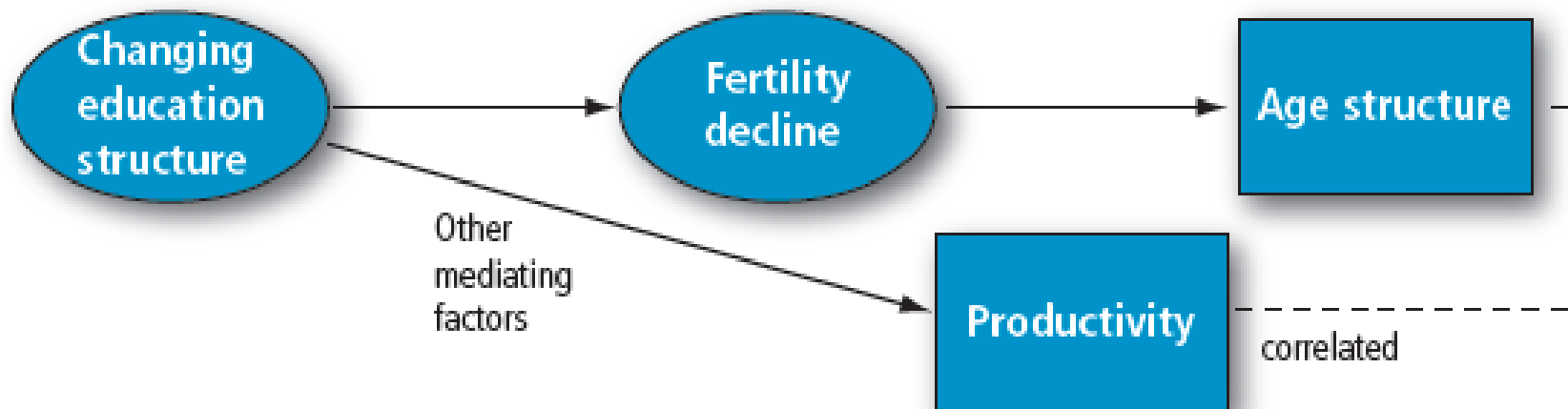


Chart 1: View of conventional Demographic Dividend versus Education-triggered Dividend



- The conventional model views fertility declines triggers increasing working age population which under circumstance lead to productivity
- This effect is **not automatic** and depends upon several enabling factors including governance and education
- **It disappears** when old-age dependency starts to increase



# Education-triggered dividend



- **Education triggered model mode views that investments in women's education of childbearing ages contribute to declining birth rates, and more productive workforce (increase in human capital).**
- **The productivity-enhancing impact dose not vanish over time and even ageing populations can see continued productivity**

## **Demographic Dividend –trumped by education**

- The beneficial effect of change in age structure after a decrease fertility has become known as demographic dividend. Yet, the possibility of the effect owing to educational change rather than age structure change is under question.
- Recent studies by Lutz et al (2013) has shown that **“educational attainment expansions are able to account for the sizable productivity effects that other writers had assumed to be caused by age-structure changes”**. Thus, improvements in education, rather than fertility declines, are the main driver of subsequent economic growth.
- **These results call into question the notion of a demographic window opening and closing (Lutz, 2014: 530).**



- **Education changes our cognition and the way we think about the future**
- **With education, future ageing looks less challenging: less disables, lower fertility, ...**
- **Education empowers individuals and societies for healthier, wealthier, more democratic and resilient future (Lutz, 2014: 628-647)**



- **At the individual level, education is a determinant of political participation. As the educational level increases, individuals tend to develop a stronger sense of civic duty and a greater interest in politics.**
  - **more education as a driver of transitions to democracy from a previously less democratic context**
  - **higher education facilitating the maintenance of democracy once it has been achieved.**

Ref: Lutz, Crespo Cuaresma, Abbasi-Shavazi, 2010, Demography, Education and Democracy: Global Trends and the Case of Iran, *Population and Development Review*, 36(2): 253-281.



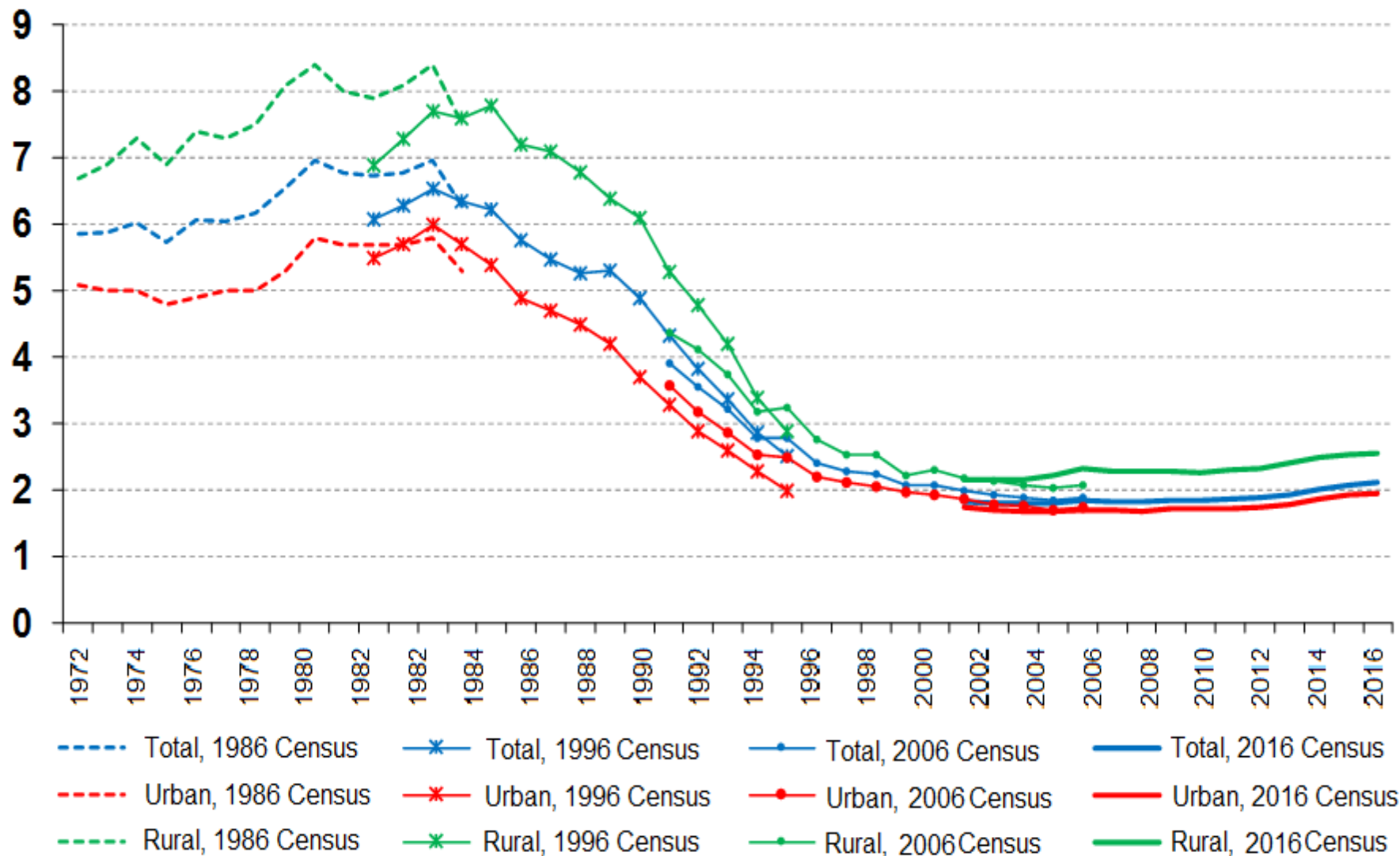
# Policy Options



- **Past studies used the issue of demographic dividend as an advocacy for family planning policies combined with other policies to reap the demographic dividend which saw education as secondary**
- **Under the new model, it is education that is the root of the beneficial efforts of the demographic dividend, affecting the change in age structure and the growth rate of income simultaneously**

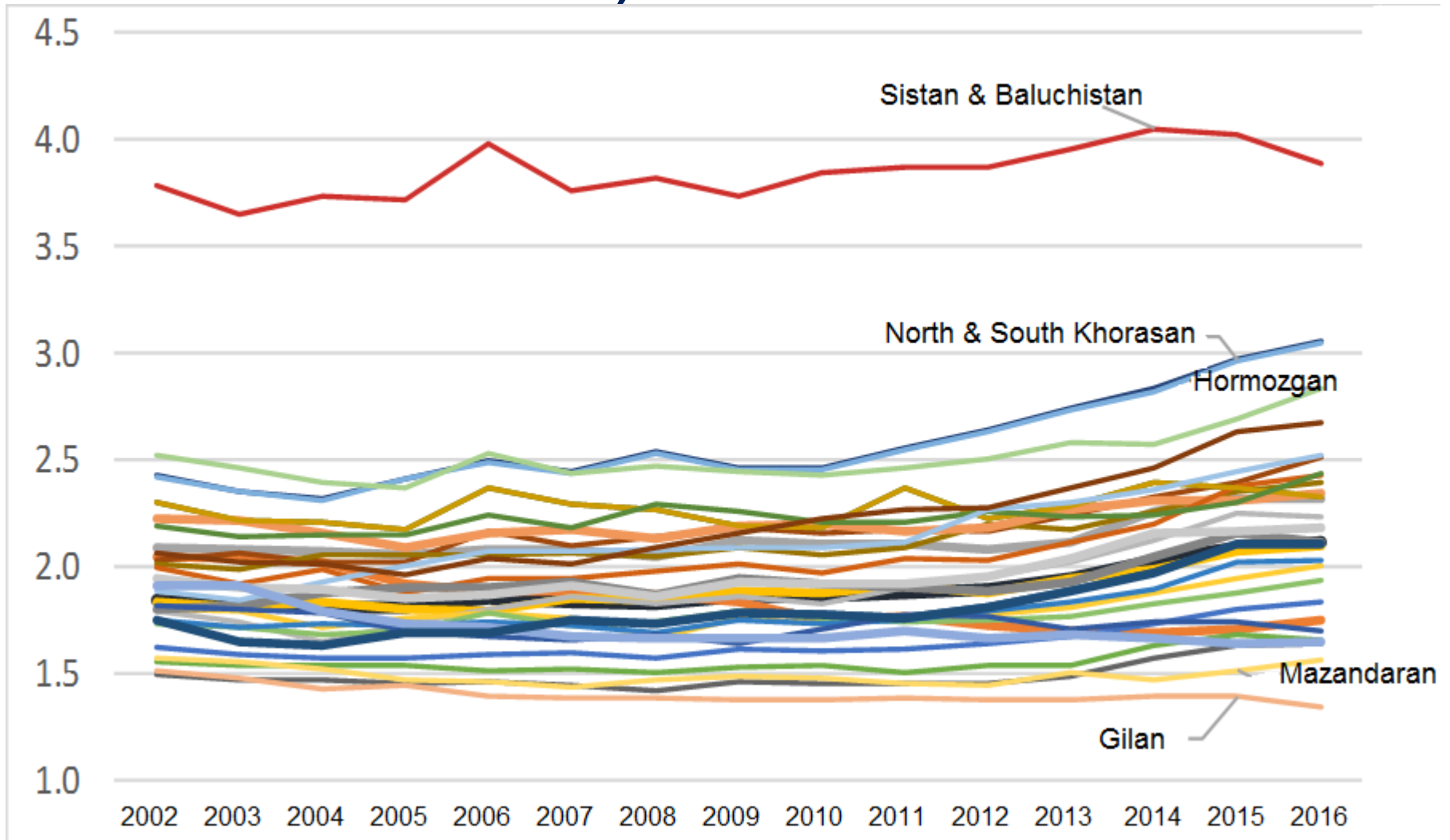
**What do we know about Iran's DD?**

# Trend of Total Fertility Rate during 1972-2016 in Iran Using the 1996, 2006 and 2016 census and applying OCM

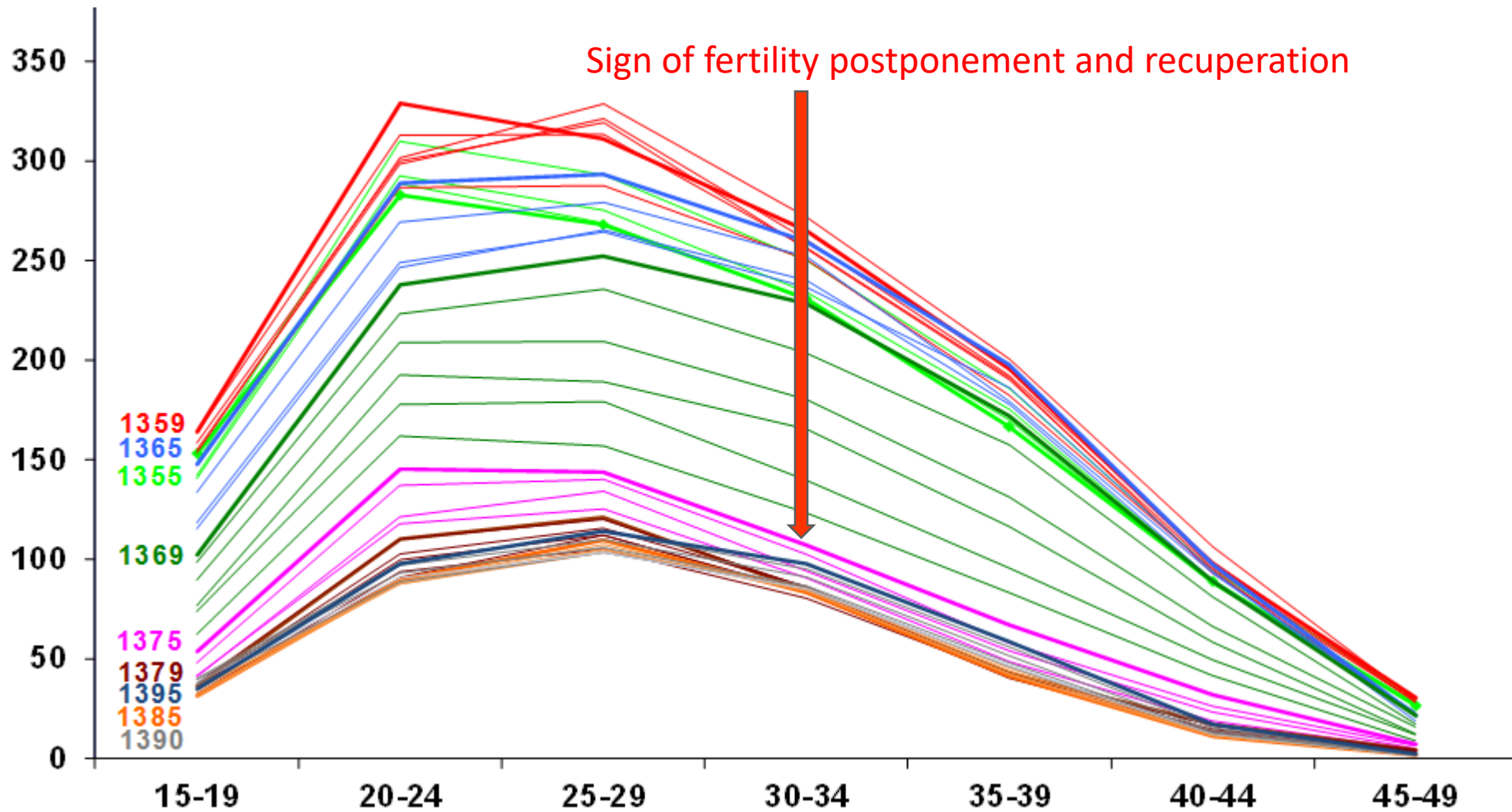


Ref: Abbasi-Shavazi, Hosseini et al, Unpublished report, SCI 1395

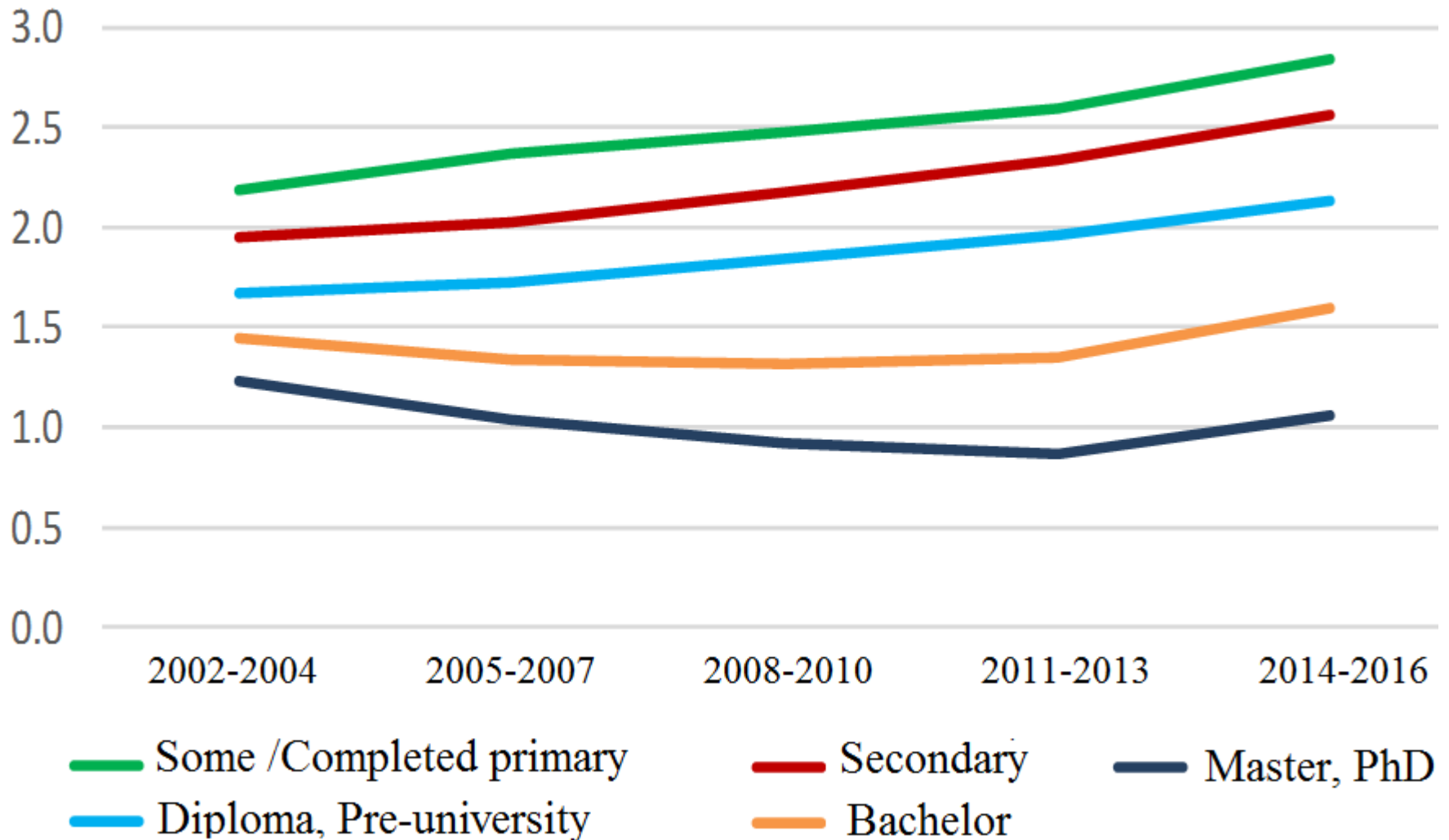
# Trend of TFRs by province during 2002-2016, Iran, 2016 census



# Own-Children Estimates of ASFRs IRAN, 1976-2016



# TFR in 3-year periods, Iran, 2002-2016

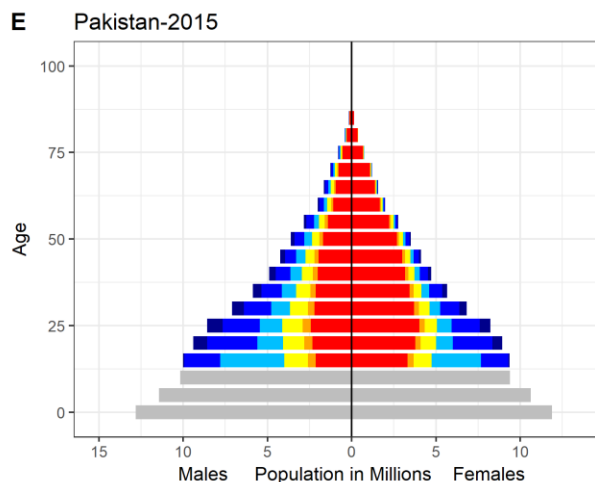
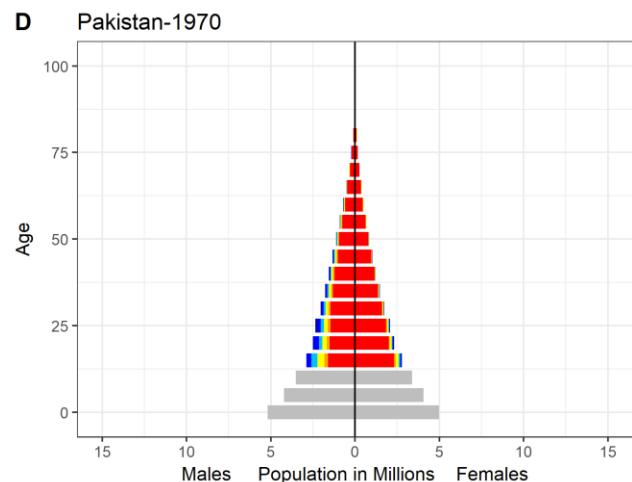
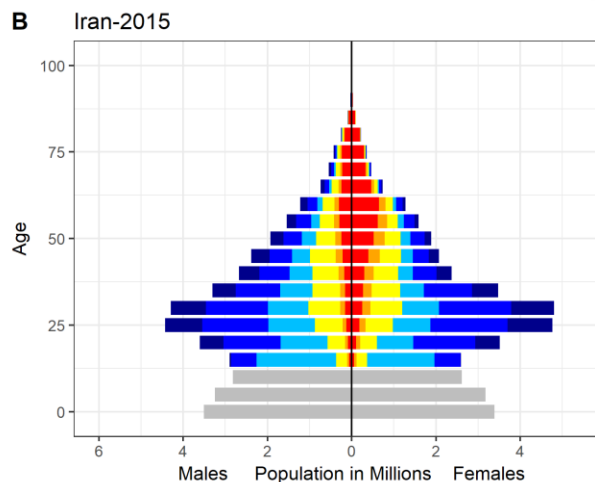
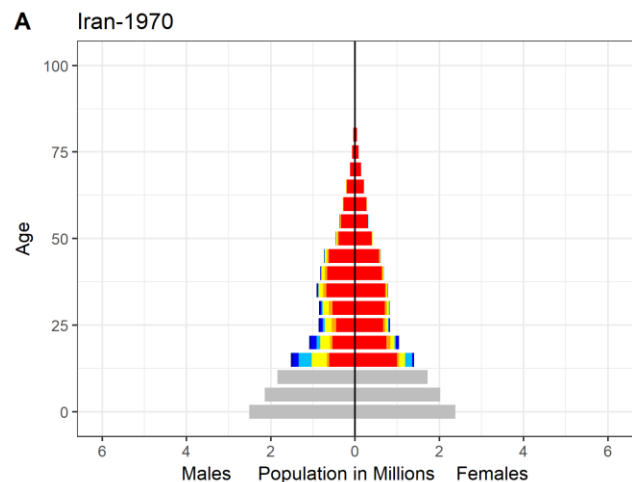




# Human Capital in Iran and Pakistan



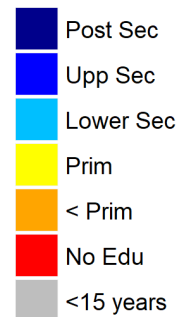
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By **2015**, 76% in **Iran** of young Iranian women (**20-39**) had **junior secondary education attainment** compared to only 37% in **Pakistan**.

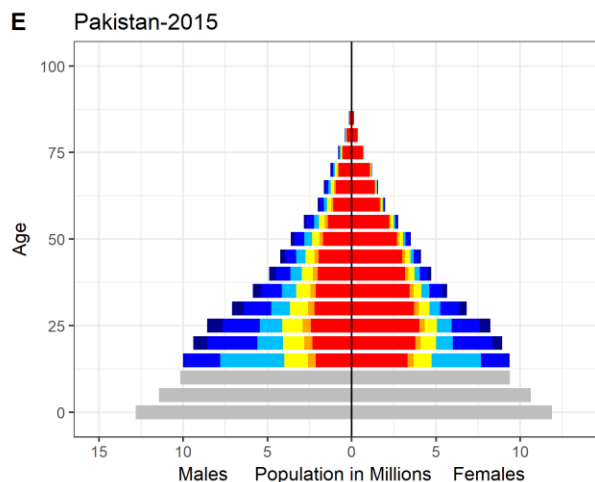
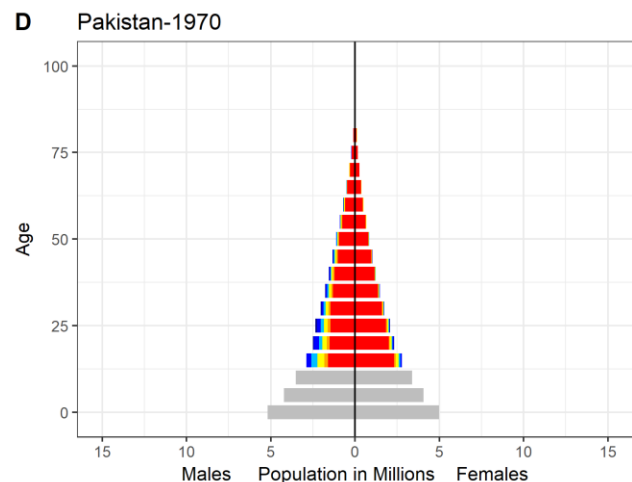
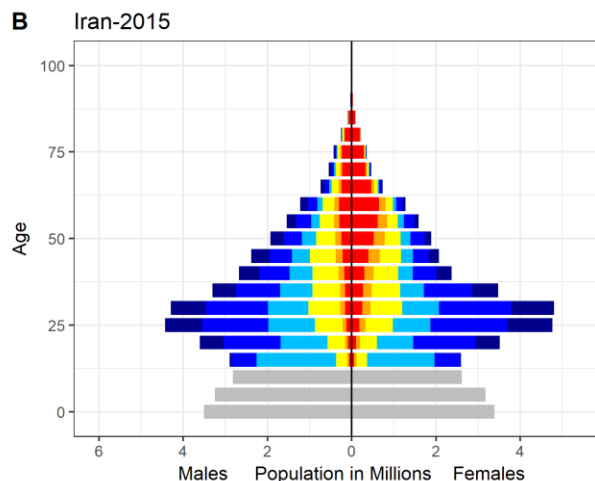
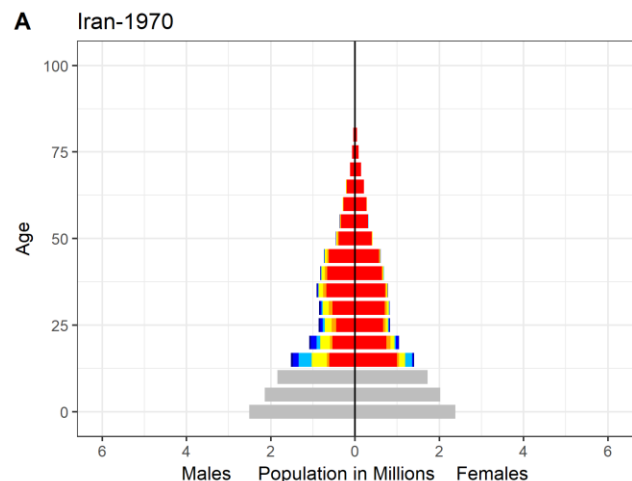
As a consequence, **Iran** experienced **the world's most rapid national level fertility decline** with current TFR levels around 1.8 while **Pakistan** still has a TFR of 3.5.

Life **expectancy** in **Iran** today is ten years higher than in **Pakistan**.

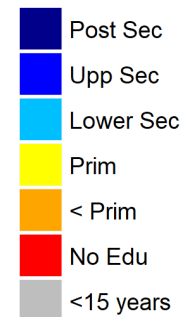


Source: Samir KC, 2018.

# Human Capital in Iran and Pakistan

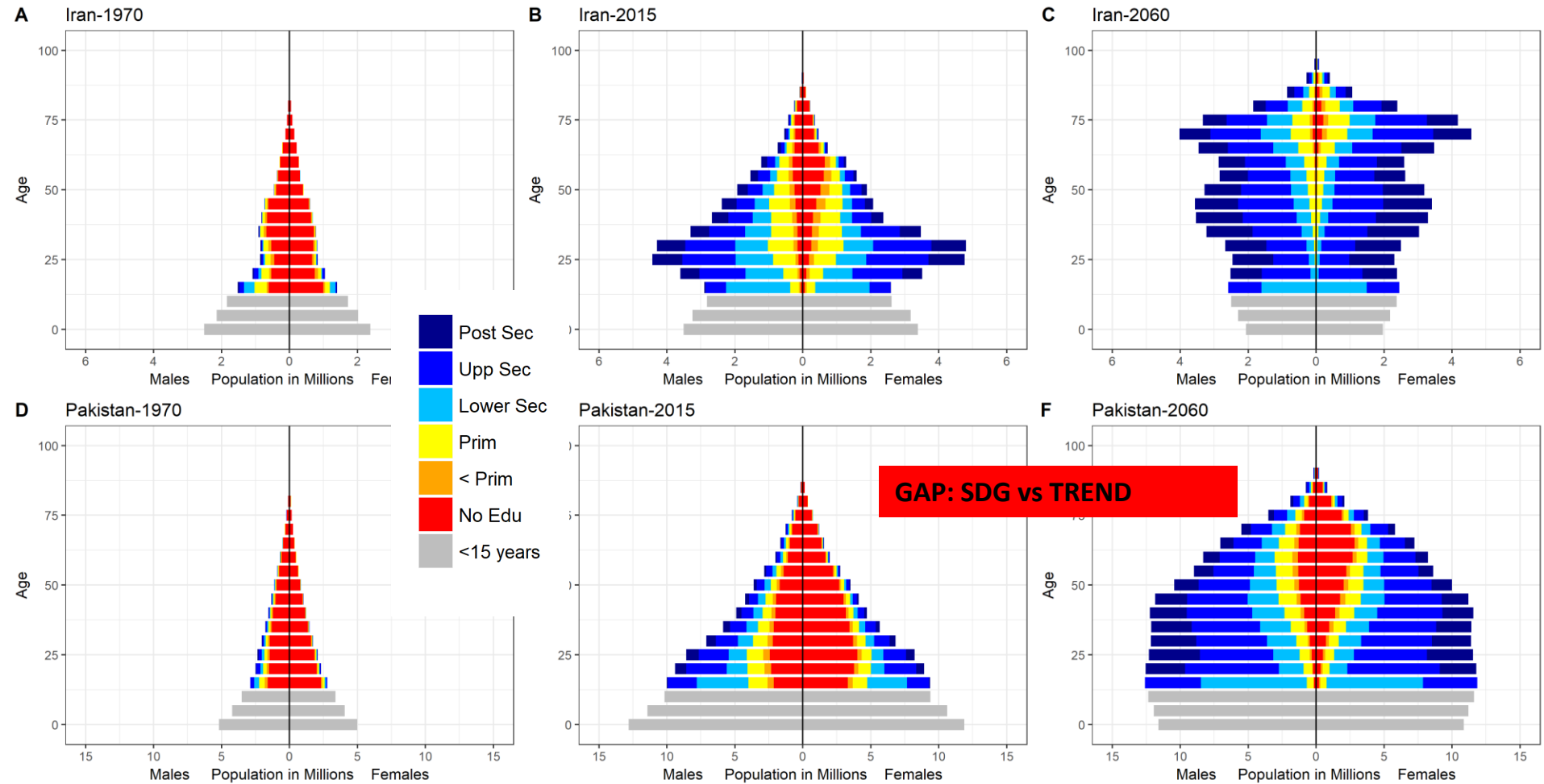


In 2015, in **Iran** among the cohort aged **20-24** more than **83%** attained at least lower secondary with **56% upper sec** **VS** about **50%** low sec in **Pakistan** with **37%** upper sec



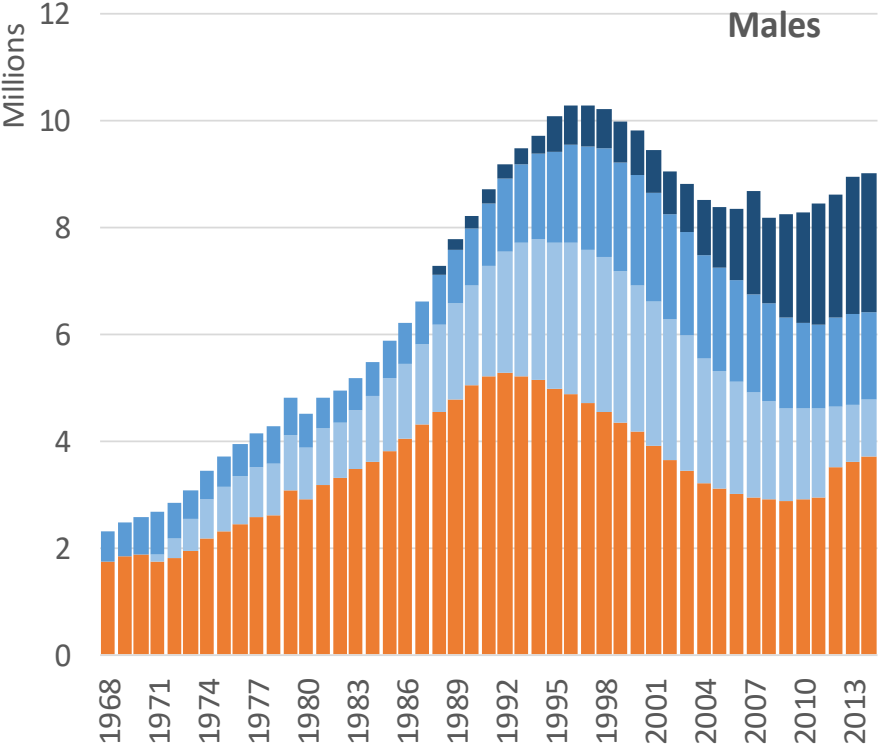
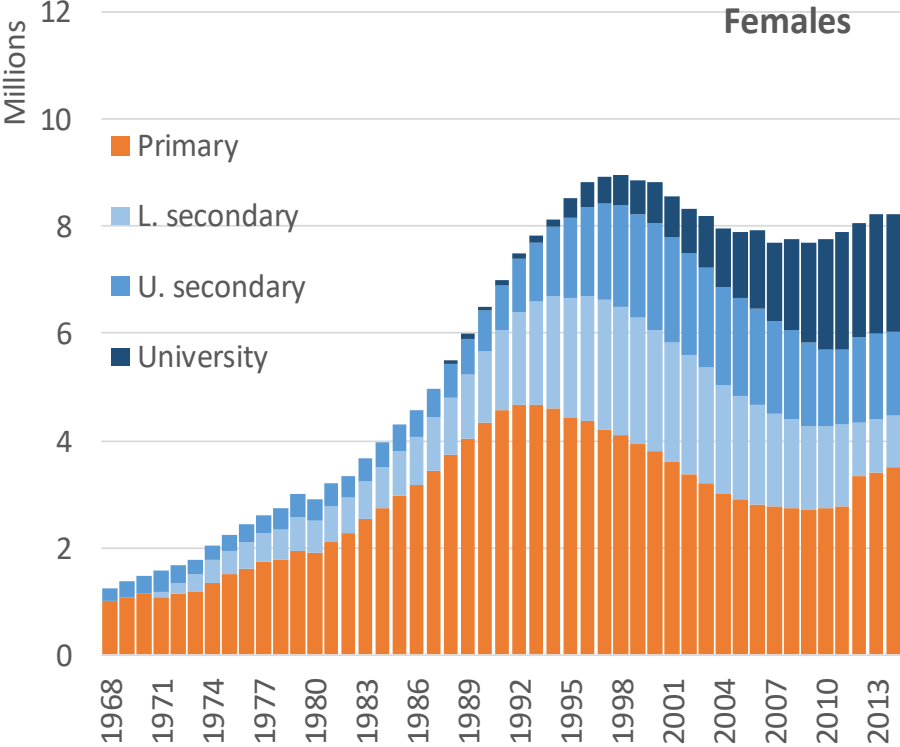
This shows that a **large population in Pakistan lacks basic education** envisioned by the United Nations' **Sustainable Development Goals**

# Human Capital in Iran and Pakistan

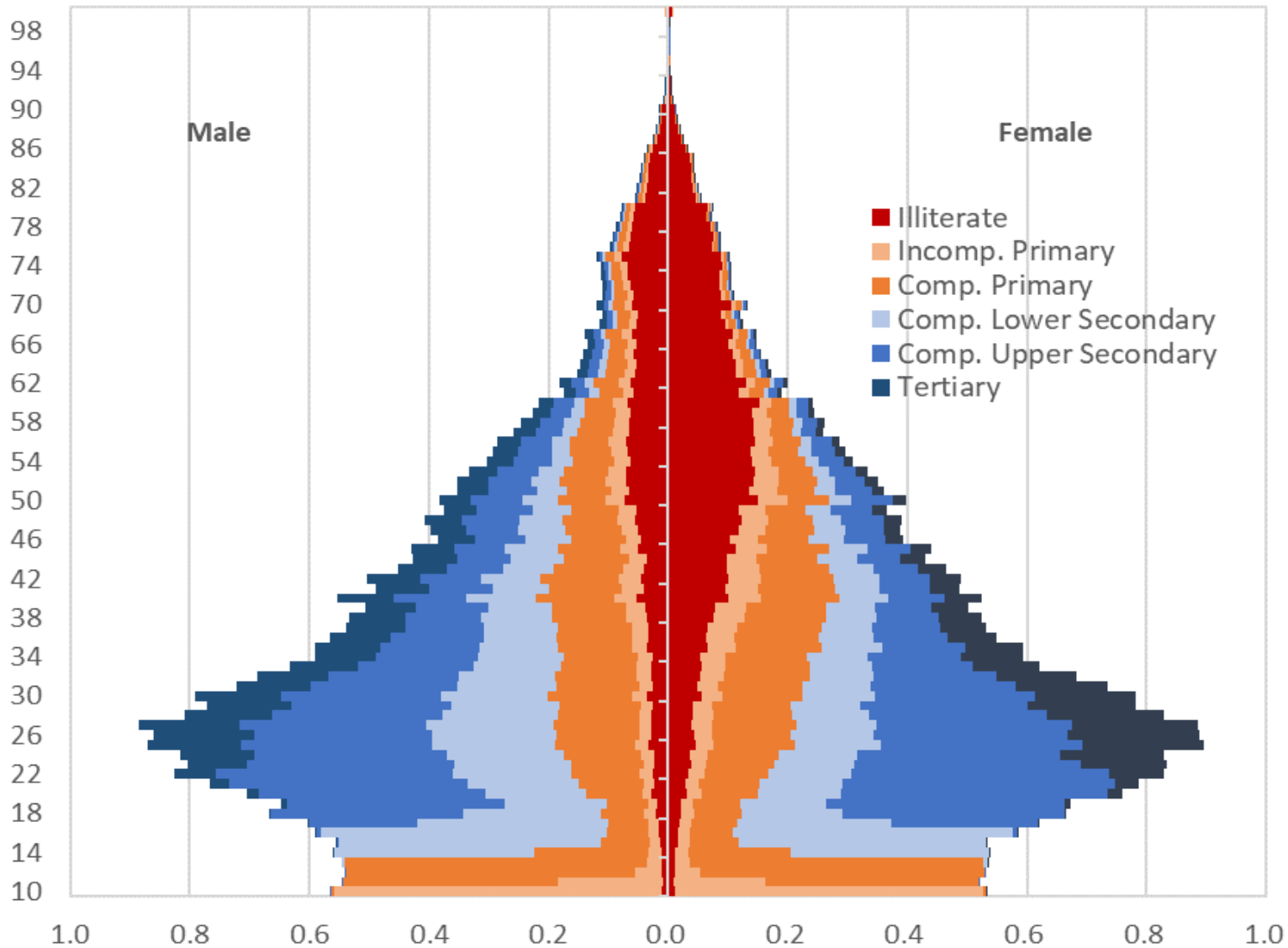


Source: Samir KC, 2018.

# Students by level of education studying and year of education, Iran

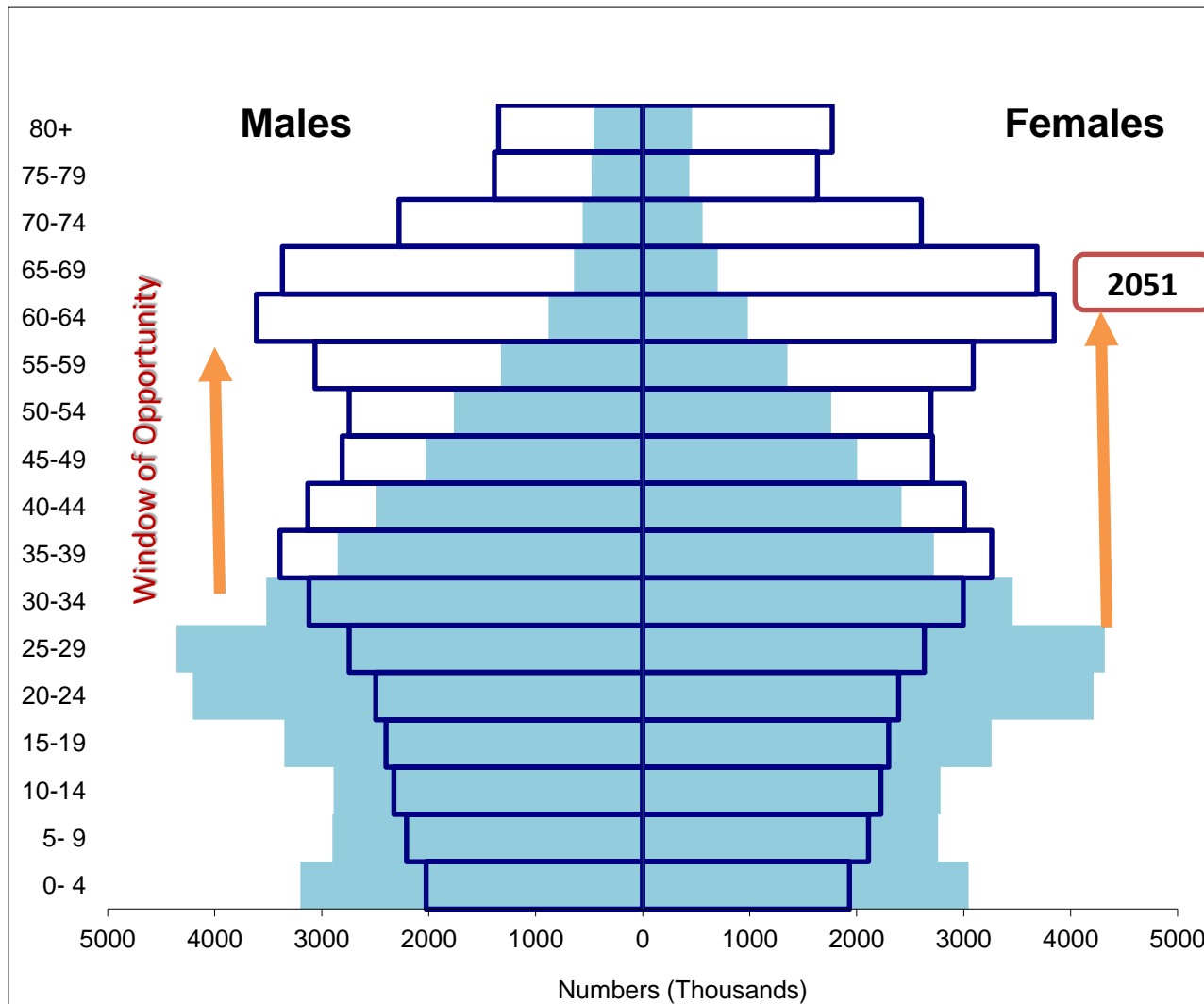


# Iran's age and education structure, 2011

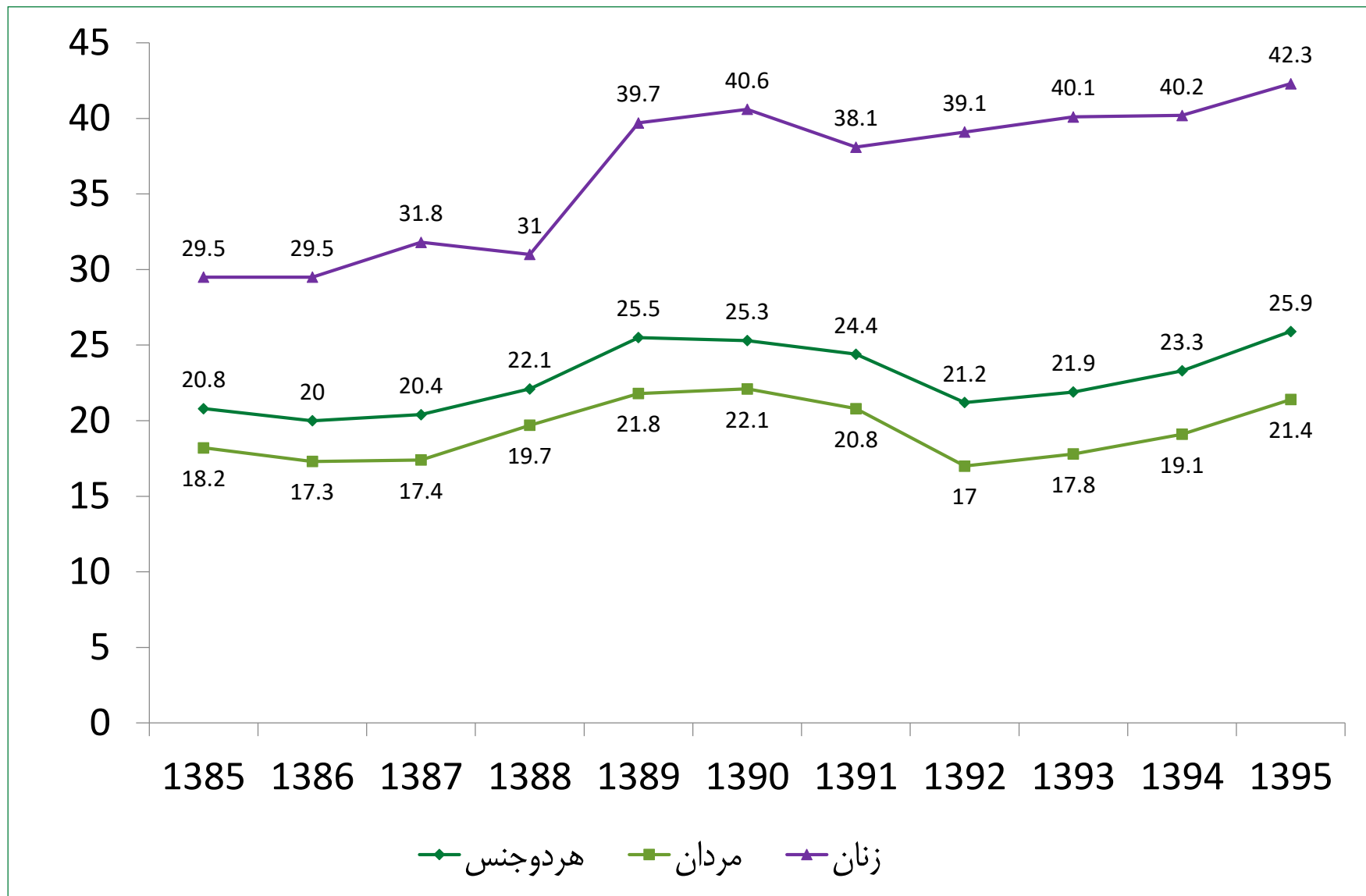


Ref: Hosseini et al, 2016

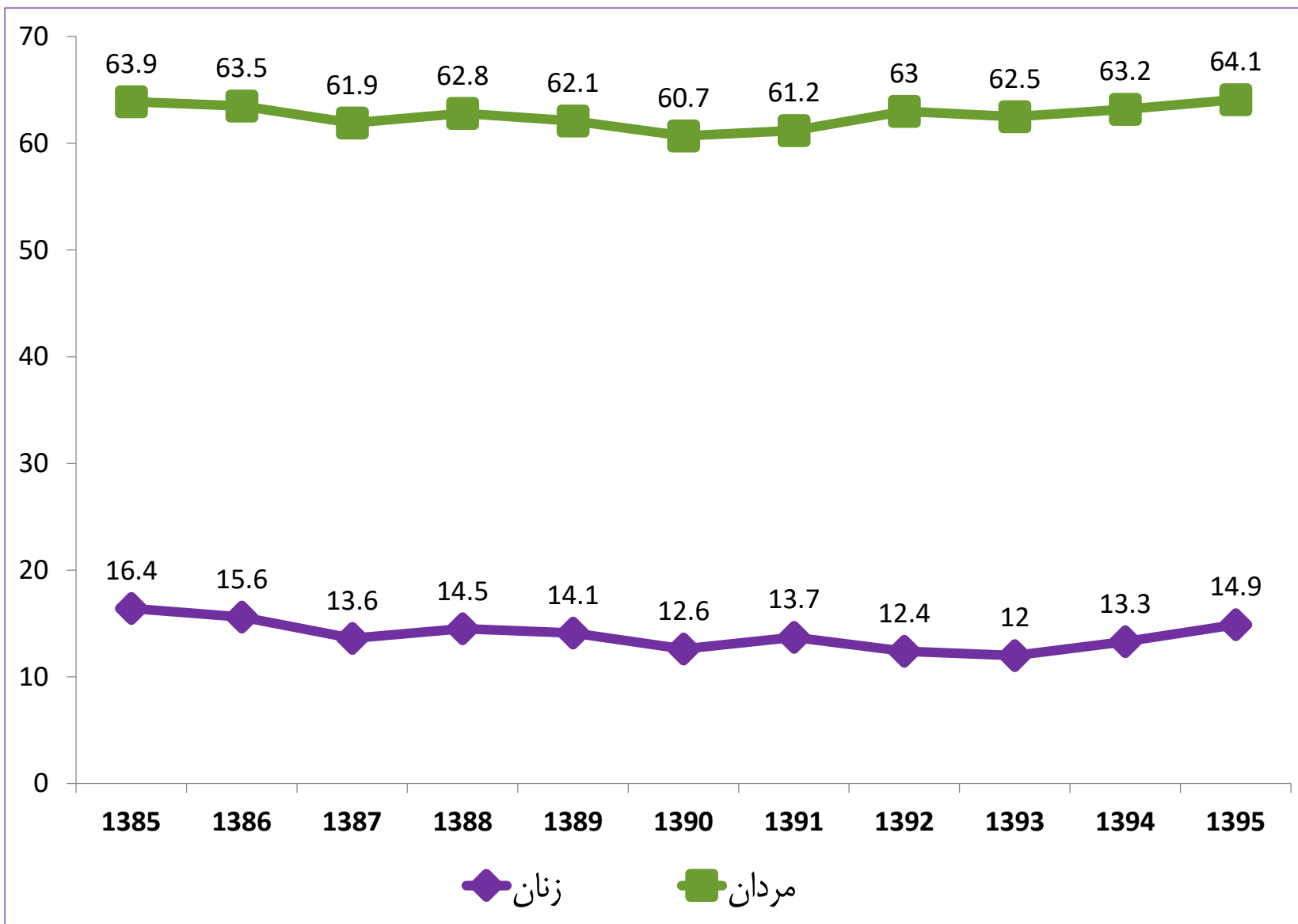
# IRAN'S AGE TRANSITIONS, 2016



# Unemployment among youth in Iran, 2006-2016

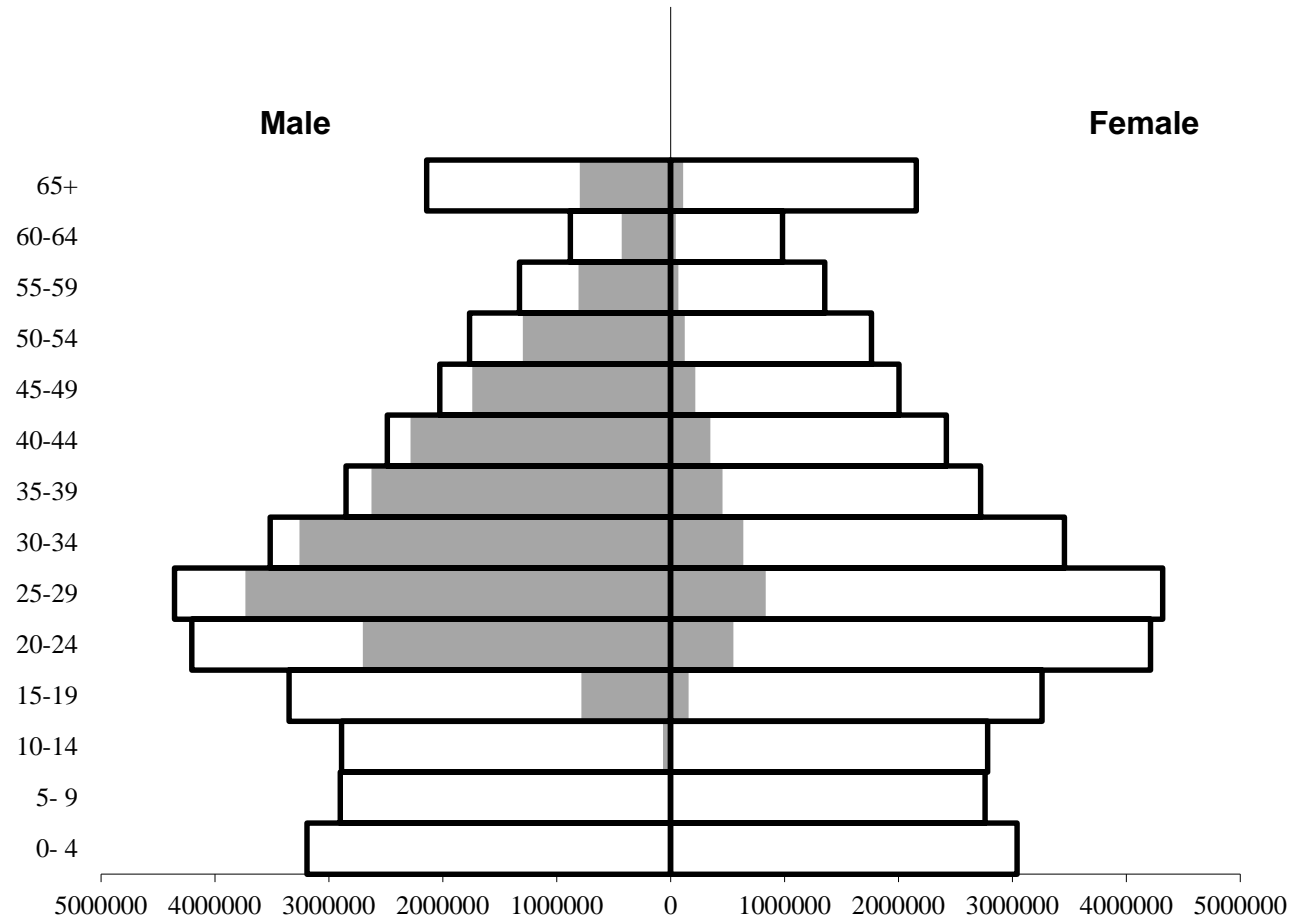


# Low Female Labour Force Participation in Iran, 2006-2016

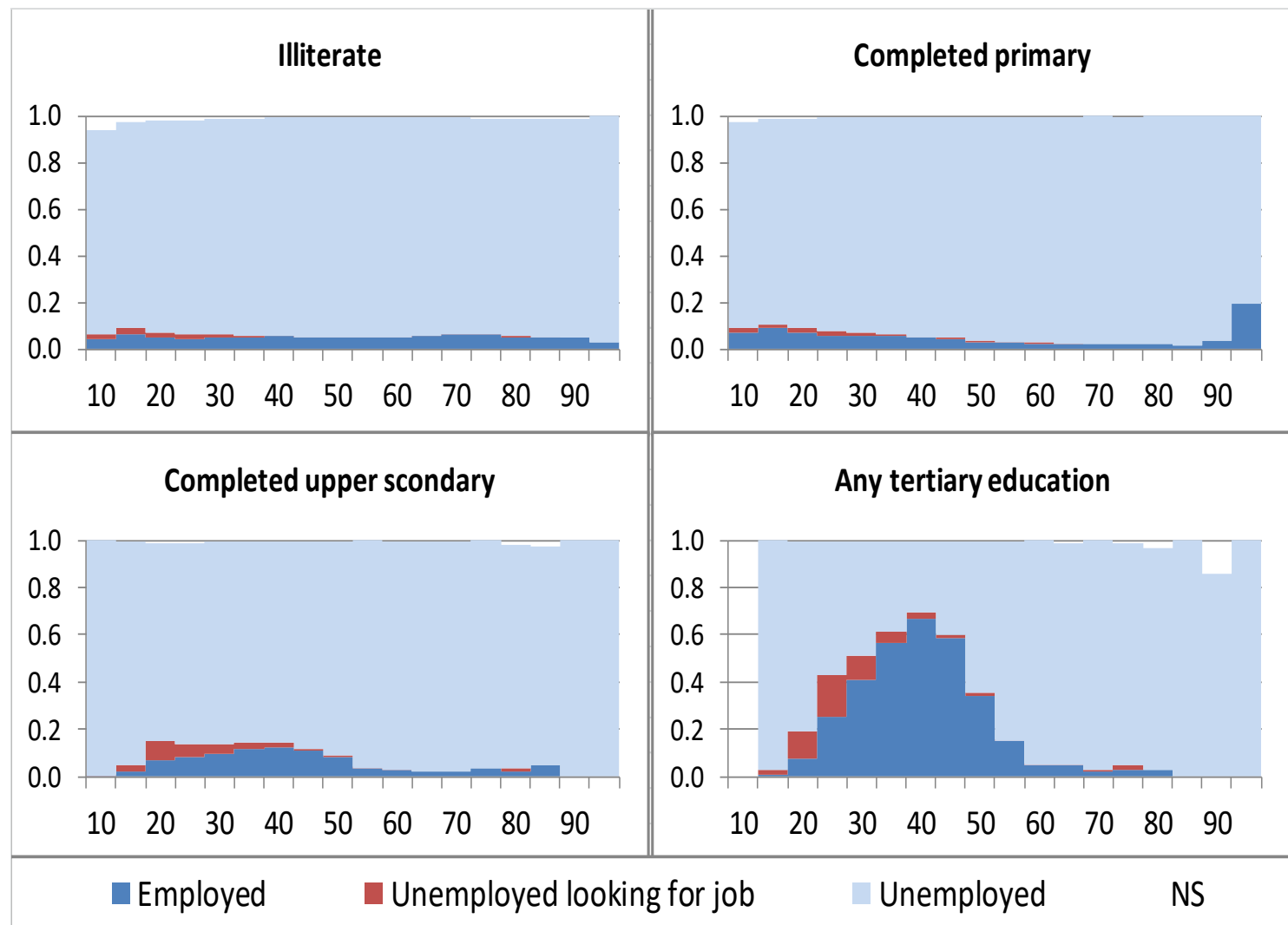




# Population and Employment (Shaded) Age Pyramid, Iran, 2011



# Women's employment by age and education, Iran -2011





# Capturing DD requires:



- Understanding
- Policy
- Planning
- Budget and financial support
- Commitment
- Implementation
- Monitoring and evaluation
- Coordination



# Policy questions and challenges



- There is potentially a significant demographic dividend in Iran's future
- Are we seizing the opportunity of this dividend?
  - High unemployment of the educated population indicates the opposite
- Is there enough research?
- Is there an appropriate infrastructure and system in place to seize the DD?
- Are there enough laws and regulations to implement the policies?
- Is there enough collaboration between the stakeholders?
- Who and what organization is responsible for coordination, implementation and monitoring?



# Thank you



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