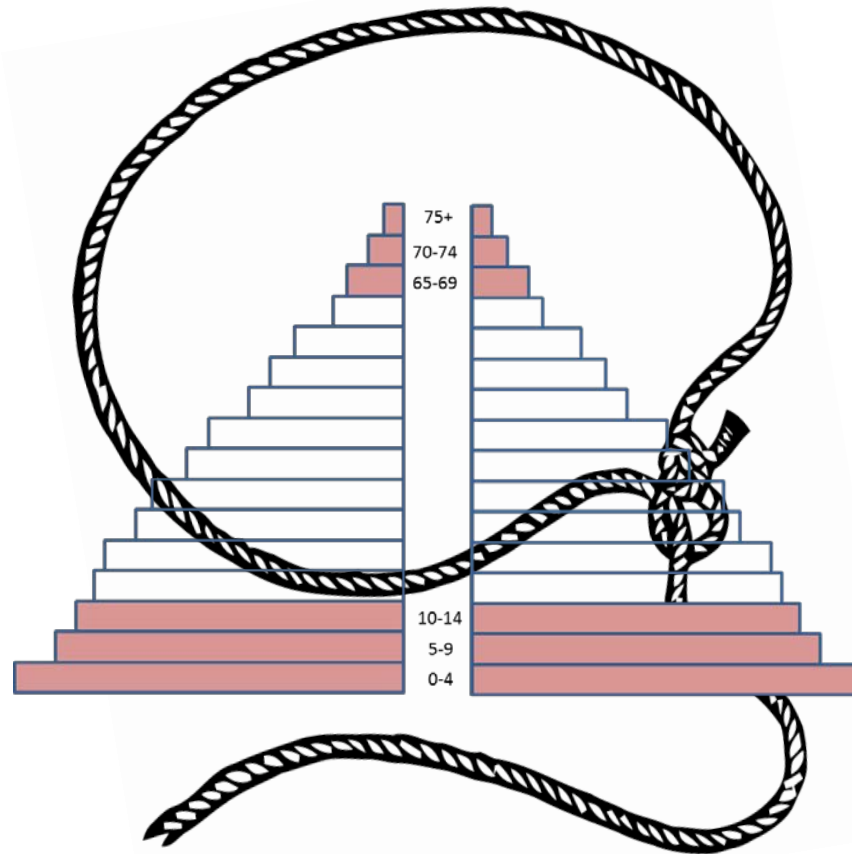


# ***Harnessing a Dividend***

## ***Challenges and Opportunities***



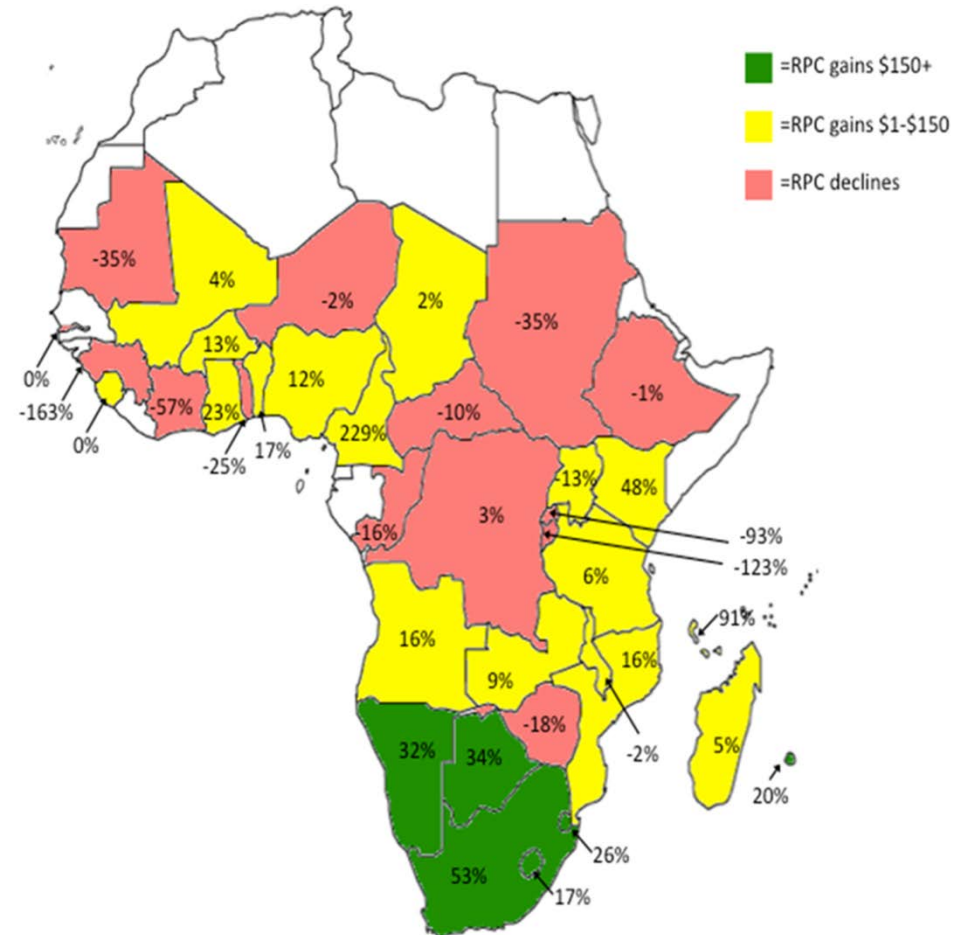
***Parfait M. Eloundou-Enyegue***  
*October 21, 2013*

# *How to Harness a Dividend?*

1. Current consensus accurate but vague
2. We need explicit discussion of methods
3. One useful approach is a step-by-step analysis of DD production
4. Its application confirms past insights ....
  - A wide matrix of challenges
  - Focus on 2 steps out of the 5
  - The importance of education and FPPs
5. BUT it also recommends an expanded perspective
  - Education Policy > Raising schooling outcomes
  - FPP > achieving desired fertility
  - Dependency > Age dependency
  - Transition from school to work > Waiting time

# *Plausible but not Automatic*

- *Wide variation in size of first dividends across world region (Mason 2006): from -0.09(SSA) to 0.62 (LAC) btw 1970 and 2000.*
- *Recent data on fertility-related gains in public education spending per capita likewise show great variation*
- *Q: Why these variations?*



**Trends in Public Education Resources per child (1990-2010)**  
[Eloundou-Enyegue and Giroux 2012]

# *Reasons for Variation*

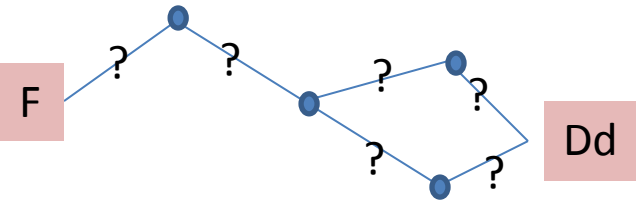
## *CURRENT CONSENSUS*

- *Good Policies & Economic Conditions*
- *UNECA (2013):*
  - *Continued fertility declines*
  - *Enhanced employment*
  - *Enhanced human capital*
- *Jain (2013)*
  - *Common causes of fertility & dividends*
  - *Labor force size*
  - *Quality of labor force*
- *Pbs with Current Consensus*
  - *Vagueness*
  - *Transparency*
  - *Relevancy*
  - *Relative Importance*

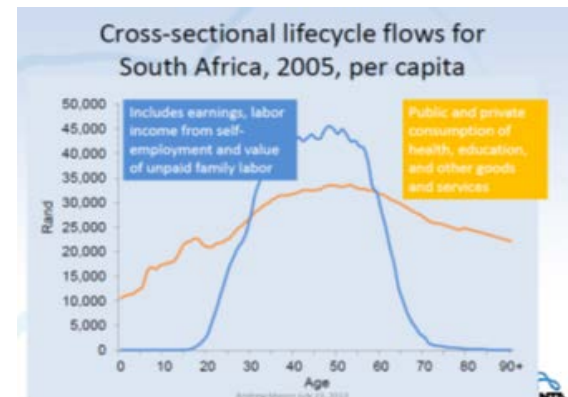
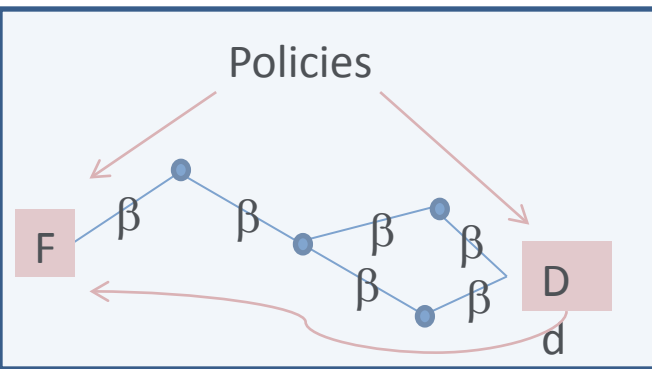
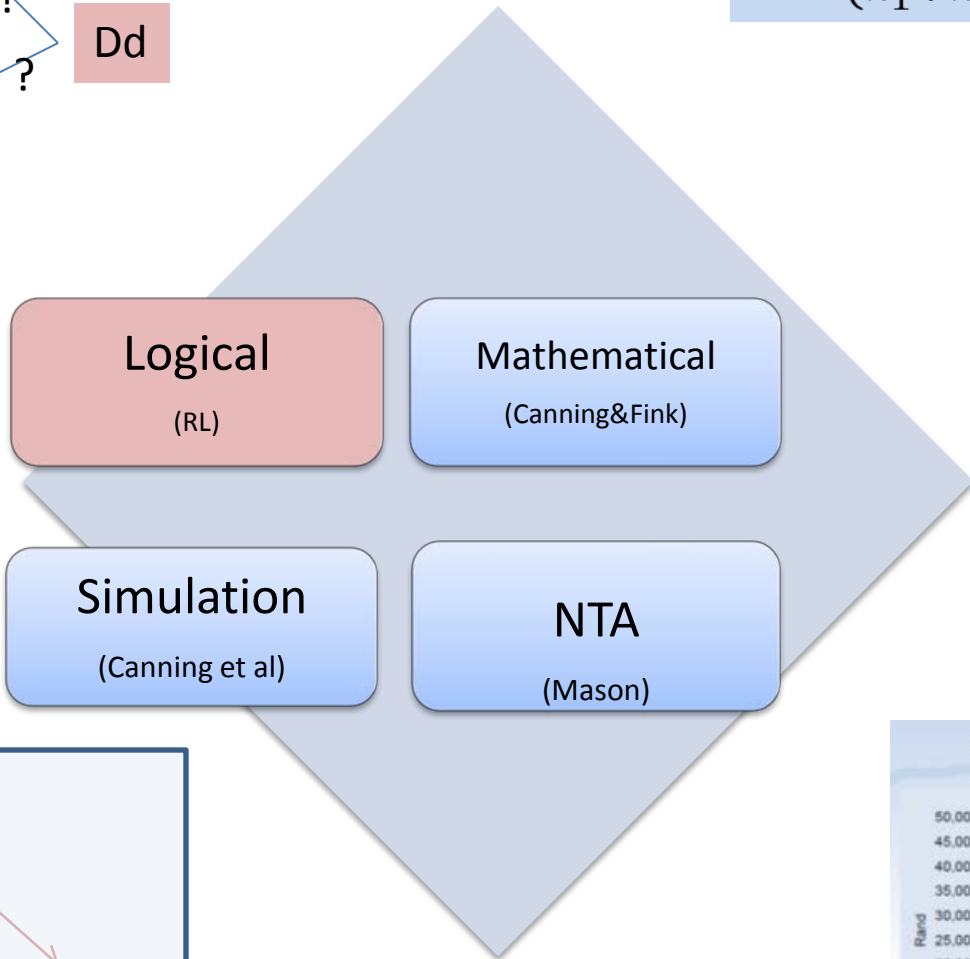
# *Advancing the Consensus*

- *Defining the DD:*
  - *Window of opportunity?*
  - *Resource bonus?*
  - *Substantive outcomes of change in age structure?*
- *Specifying the Challenges?*
  - *Hurdles themselves?*
  - *Resources to overcome hurdles*
- *Methodology*
  - *How are the favorable circumstances identified ?*

# Methodological Approaches (1)



$$r = (\pi_1 + \pi_2) [* (G/a) * (a/p)]$$

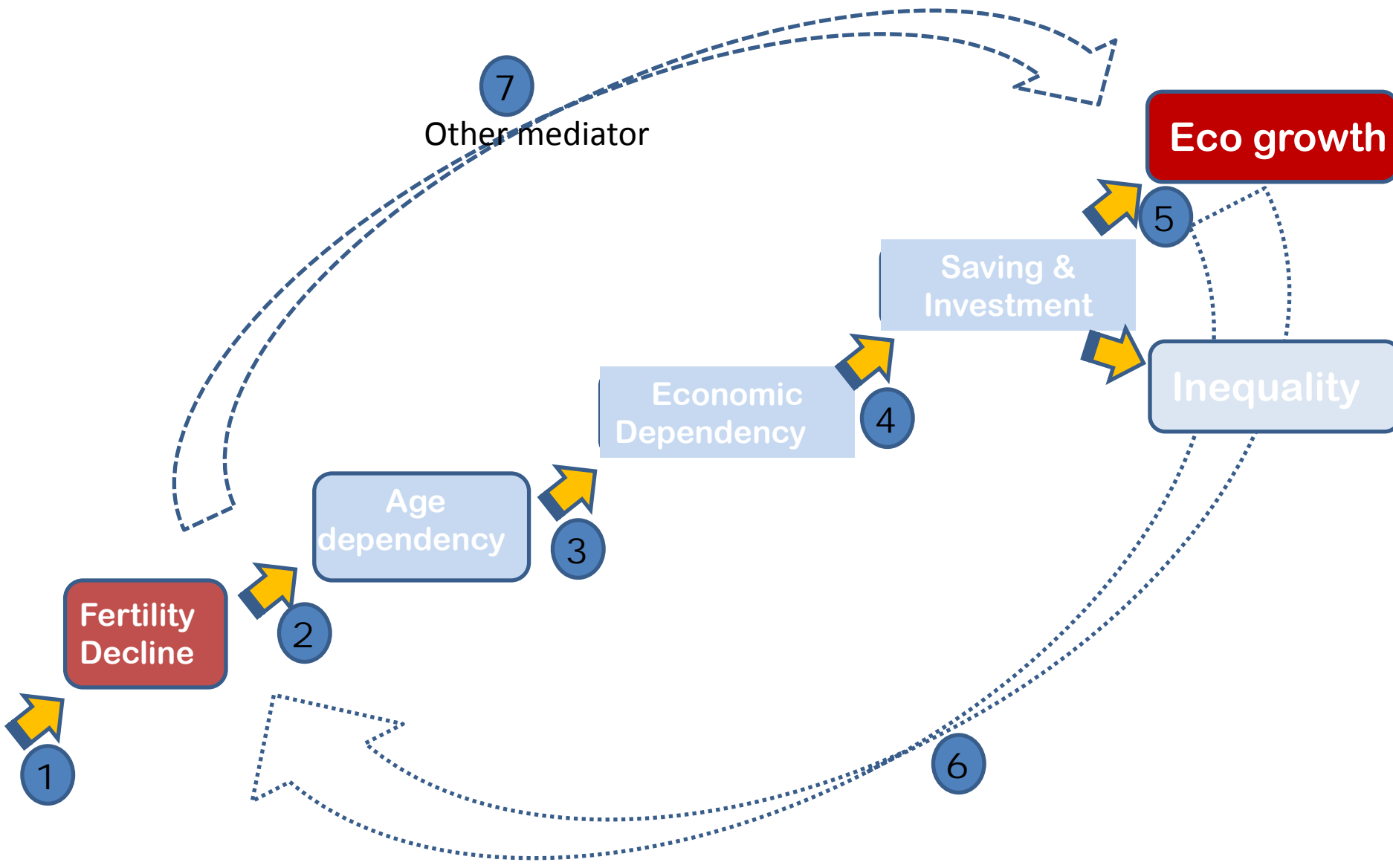


# *Methodological Approaches*

## *Strengths & Weaknesses*

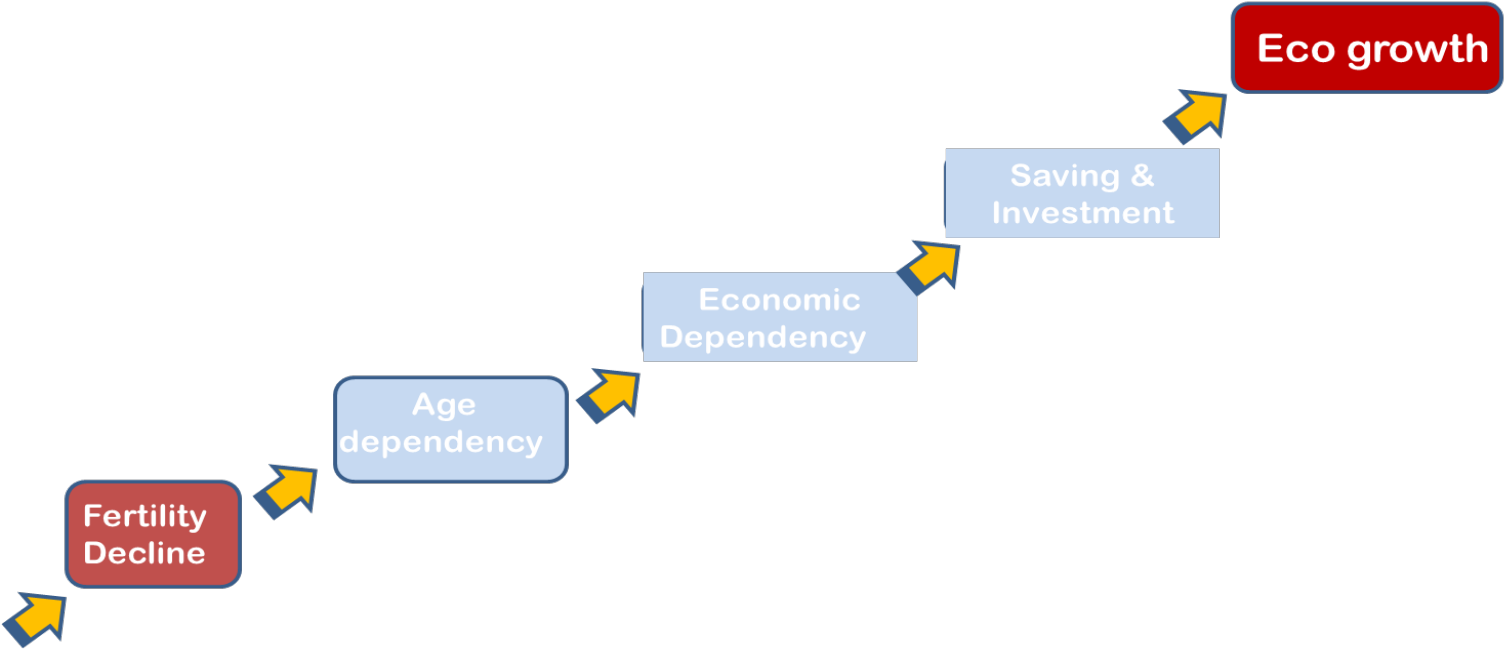
	Regression	Logical	Mathematical	NTA	Simulation
Data Needs	+/-	+	+		
Details on process		+		+	+
Theoretical sophistication		+			+
Internal validity	+			+	+
Country specificity	+	+		+	+
External validity				+	+

# Steps in the Dividend-Production Process





# A Matrix of Challenges & Opportunities



STEPS	1	2	3	4	5
Fertility transition	Swift, broad-based decline	Mortality		Supportive family struct.	
Family Environment	Education		Child labor	Women's LFP Homogamy Nucleation	
National envt.	FPP		Employment rate	Debt	Effective policy
Global envt.	Global support to FP				MGD agenda

# Key Steps & Factors

STEPS	1	2	3	4	5
Fertility trans					
Family envt					
National envt					
Global envt					

*Swift, irreversible, and broad-based transitions within supportive families*

*Productive investment of the resource bonus*

Education  
FPP

# *Expanded Scope for Education and FPP Policy Investments*

## **Education**

- Beyond raising education outcomes
- Raise the returns to schooling
- **Manage the transition from school to work and adulthood**
- Harness the potential of school systems as source of employment

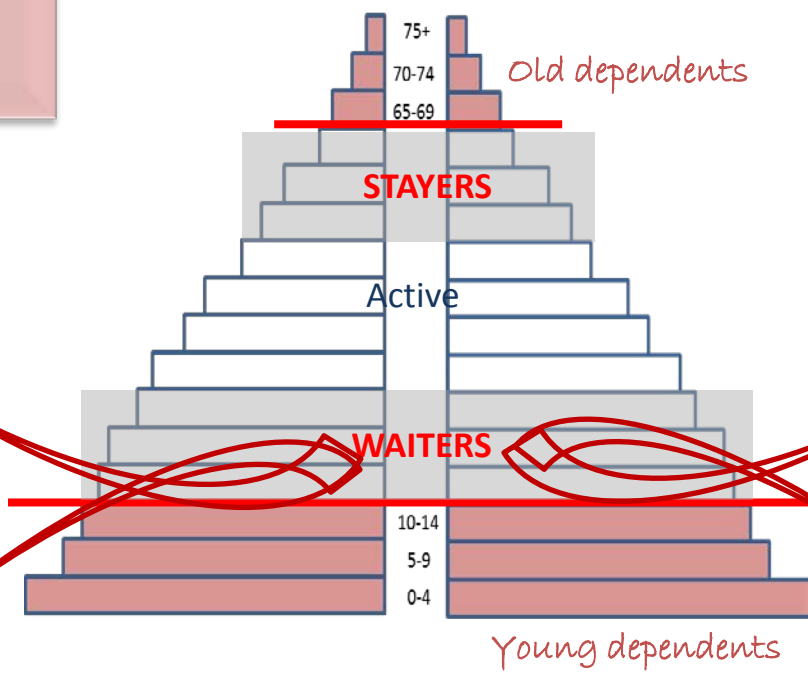
## **FPP**

- Beyond achieving desired fertility
- **Achieve supportive families**
  - Parenting
  - Union stability

# Expanded View of Age Dependency

**Personal Dvpt**  
*Family planning/parenting;  
Domestic skills*

**Community/Natl. Service**  
*Volunteering; community  
projects*

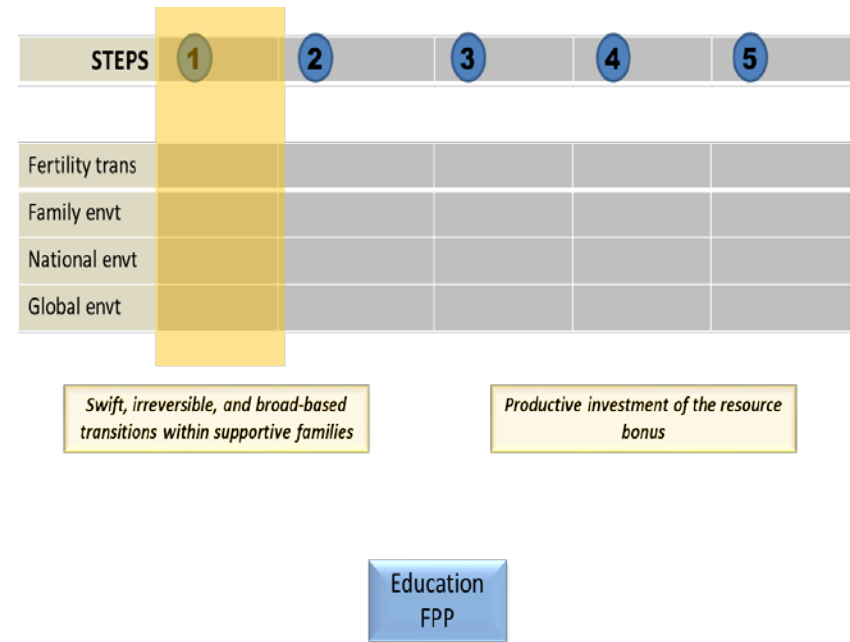


**Professional Dvpt**  
*Communication; leadership; ICTs,  
languages; career planning*

**Academic  
maintenance/ service;**  
*Internships; tutoring;*

# How to Harness a Dividend?

- Multiple Challenges arising at # steps and domains
- Key Steps are #1 and #4
  - Step 1:** Transitions must be swift, irreversible, broad-based & occur within supportive families
  - Step 4:** the resources freed must be invested productively
- Strategic Investments in education and FPP can foster both steps



# How to Harness a Dividend?

- This requires an expanded perspective in which
- Education > educational outcomes
- FPP > achieving desired family size
- Economic > Age dependency
- Transition from school to work > Waiting time

