

# The promise and peril of our demographic dividend

**Dr M.G. Quibria**  
is a development economist and former senior adviser at the Asian Development Bank Institute. He can be reached at [mguibria.morgan@gmail.com](mailto:mguibria.morgan@gmail.com).

**Dr Barkat-e Khuda**  
is a former professor and chairman of Department of Economics at the University of Dhaka. He can be reached at [barkatek@yahoo.com](mailto:barkatek@yahoo.com).

M.G. QUIBRIA and BARKAT-E-KHUDA

A quiet demographic revolution is sweeping the globe: people everywhere are having fewer children. According to the UN's 2024 World Population Prospects, fertility rates have fallen below the replacement level of 2.1 children per woman in every region except Africa. In Asia, most countries have already crossed this threshold; some—like China, Japan, South Korea, and Thailand—are now losing population as deaths outnumber births. What was once a looming crisis for wealthy Western nations has become a global reckoning. Even Elon Musk has warned that falling birth rates could imperil civilisation's future.

For now, Bangladesh stands on the more fortunate side of the fertility divide. Over the past five decades, its fertility rate has declined from more than six children per woman to just above replacement level, where it has remained stable since 2011. This sharp decline—driven by family planning, reduced child mortality, rising female education, and shifting social norms—has placed our country in a demographic transition. With a youthful population and an expanding labour force, the country is poised to reap the so-called demographic dividend: a period when the share of working age citizens is high, creating a one-time opportunity for rapid economic growth. So far, that promise remains unfulfilled.

The dividend is not automatic—it requires a healthy, educated, and productively employed workforce. Yet youth unemployment and underemployment are rising. Protests over



Bangladesh's working-age population is expected to peak in the mid-2030s. Without urgent reform, the demographic advantage could become a liability. FILE PHOTO: STAR

civil service job quotas and the lack of opportunities for university graduates reflect a deeper structural mismatch between the skills and aspirations of the young and the economy's capacity to absorb them. Too many young people work in low-productivity, low-wage jobs, while large numbers in urban areas live in slums or on pavements in substandard conditions.

The experience of other countries offers inspiration and warning. East Asian economies such as South Korea and Taiwan successfully transformed their demographic windows into broad-based prosperity through investment in human capital and export-oriented industrial policy. By contrast, Egypt reduced fertility in the 1980s but failed to reform labour markets or reduce bureaucratic dominance, leaving youth unemployment high. Iran's fertility decline was undercut by sanctions and the underperforming private sector. Tunisia entered below-replacement fertility by the early 2000s but was hampered by structural rigidities and weak governance.

The Arab Spring, sparked by street vendor Mohamed Bouazizi's self-immolation, was in part a demographic revolt—an explosion of frustration by a generation of educated but excluded youth.

Bangladesh risks a similar fate unless it acts decisively. Its working-age population is expected to peak in the mid-2030s. Without urgent reform, its demographic advantage could become a liability, manifested in a large cohort of disillusioned, underemployed youth, rising urban poverty, and an ageing population without adequate safety nets.

Yet, demography is largely absent from the nation's policy debates. Bangladesh's population and health policies have not been updated in over a decade. Although a new population policy is reportedly in draft form, it has yet to be released. Public investment in human capital remains stuck at around two percent of GDP for both education and healthcare, the lowest in South Asia.

Healthcare is grossly underfunded and deeply unequal. Rural areas face chronic

shortages of trained personnel, supplies, and facilities. The rapid growth of private hospitals in cities offers neither universal access nor affordable care; their high costs often push families into debt. Out-of-pocket healthcare spending in Bangladesh is among the highest in the world. Medical education has not kept pace with demand: the country is not producing enough doctors, nurses, or specialists to serve its growing and ageing population.

The education system is similarly strained. Vocational and technical training is fragmented, underfunded, and poorly aligned with labour market needs. Universities still rely on rote memorisation over creativity, problem-solving, and practical skills. Despite gains in girls' education, female labour force participation remains low, constrained by social norms, lack of childcare, and workplace barriers.

Bangladesh's long-standing reliance on labour migration is also under pressure.

Remittances from overseas workers have buoyed the economy for decades, but host countries are tightening immigration rules, adopting labour-saving technologies, and favouring skilled workers. The demand for low-skilled migrant labour is falling, and Bangladesh has done little to upgrade skills to meet changing global needs.

Vietnam shows what a proactive demographic strategy can achieve. By aligning its education system with industrial needs, expanding healthcare access, investing in technology, and integrating into global value chains, Vietnam has built a workforce capable of adapting to shifting demographic and economic realities.

Bangladesh can still follow a similar path, but the clock is ticking. Falling fertility can bring benefits—more resources per child, better maternal health, higher female labour participation, and greater capacity to prepare for an ageing society. Population ageing, often viewed as a looming crisis, can spur innovation in healthcare, caregiving, and labour-saving technologies. But these benefits are only realised with foresight and sustained investment.

What is needed now is a coherent, forward-looking demographic strategy. This includes scaling up public investment in both general and medical education, overhauling technical and vocational training systems, expanding access to quality healthcare, and removing structural barriers to female workforce participation. Equally essential is fostering an ecosystem for innovation and entrepreneurship, where young people are not merely job seekers but job creators.

Demographics are not destiny—but they define the playing field. The unrest over youth unemployment is more than an economic issue; it is a demographic alarm bell. Bangladesh's fertility transition is unfolding now (although stalled over the past decade), and its demographic window is already narrowing. Whether the country seizes this moment or squanders it will shape its economic and political trajectory for decades.

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# Smart money is quietly heading to Dhaka



Mamun Rashid, an economic analyst, is chairman at Financial Excellence Ltd and founding managing partner of PwC Bangladesh.

MAMUN RASHID

Last month, I had coffee with a venture capitalist who had just returned from Dhaka. "You won't believe what's happening there," he said, pulling up numbers on his phone. Startup funding in Bangladesh jumped from less than \$1 crore to \$12 crore in 12 months. Not doubled or tripled—it surged 12-fold. While everyone is busy watching the usual suspects in tech, Bangladesh is quietly building something extraordinary, and honestly, most investors have no idea what they are missing.

The interim government knows the game. Earlier in July, they didn't just tweak some policies, they basically tore up the old playbook. Banks used to only lend to startups. Now they can buy ownership stakes. Think about that for a second. Your local bank branch manager could be evaluating equity deals. The loan ceiling has also been increased to Tk 2.8 crore, a significant raise from the previous ceiling of Tk 1 crore. Interest rates? Down to four percent. And they backed it all up with serious money—almost Tk 100 crore sitting there, ready to invest. When was the last time you saw a government move that fast on anything? Usually, policy changes take years of committees and white papers. Not here. Someone high up said, "Let's make this happen," and boom—new rules, new money, new game.

Around 10 years ago, most Bangladeshis had never touched a bank account. As of

January 2025, the total number of Mobile Financial Services (MFS) accounts stood at 23.93 crore, according to Bangladesh Bank data. Local entrepreneurs saw banks ignoring rural areas and thought, "Fine, we'll build something better." And they did. No fancy offices, no loan officers in suits, just a simple app on a basic phone that lets you send money to your family in seconds. This same pattern keeps popping up everywhere. Big problems nobody else wants to tackle, local founders stepping up, and suddenly you've got solutions that work for millions of people. It's like watching someone build a highway while others are still arguing about dirt roads.

Let me paint you a picture of what's actually happening on the ground. Climate

**Climate change hammers Bangladesh harder than almost anywhere—floods, cyclones, rising seas. You can't ignore it when your factory gets flooded twice a year. So, startups are building flood-resistant farming systems and renewable energy networks because they have to. It's not about being green for marketing points. It's survival.**

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FILE VISUAL: REHNUMA PROSHOON

app connects farmers directly to wholesale buyers, cutting out five middlemen each of whom would take their cut. Around 40 lakhtiny shops still run analog and on cash. Picture a small store owner staying up late, doing inventory with a pencil and notebook. B2B platforms are digitising the whole thing. These aren't nice-to-have products. They're solving problems people face every single day.

The opportunities practically jump out at you once you start looking. Take climate tech: companies here aren't building green solutions because it's trendy or because they

want to impress investors at conferences. They're doing it because their customers' survival depends on it. That creates a different kind of innovation, the kind that actually works in tough conditions. When your solar panel has to survive a cyclone, you build it differently. Or look at agriculture. Around 1.6 crore small farmers need credit, better prices for crops, and ways to reduce waste. One startup I came across lets farmers get loans using their future harvest as collateral. Simple idea, huge impact. Any startup that cracks even part of that equation has a massive market. It is the same story with small business tools. Those 40 lakh shops? They're all potential customers for inventory systems, payment processing, and supply chain solutions.

So how do you actually get involved? If you're an investor from outside Bangladesh, find a local partner to save years of "learning things the hard way." They know which government office actually gets things done,

which accelerator programmes are worth your time, and most importantly, which problems are real versus which ones just sound good in a pitch deck. The government programmes aren't just about money; they open doors and give you credibility. Those hi-tech parks everyone mentions? They're basically startup communities where founders help each other out. I heard about one founder who got his entire supply chain sorted because he met the right person at a Friday prayer gathering in the tech park mosque. For entrepreneurs, here's my advice: pick a real problem that affects millions of people, then build something that makes money while solving it. Forget the Silicon Valley playbook about burning cash for growth. Profitable from day one, that's what works here. Your customers can't afford to experiment with your business model.

Bangladesh reminds me of China in the early 2000s or India in 2010, right before everything exploded. You've got all the ingredients: a young population that loves technology, a government trying to clear obstacles, massive problems begging for solutions, and early success stories proving it's possible. Economists project that the size of Bangladesh's economy will be \$1 trillion by 2040. Maybe they're right, maybe they're optimistic. But here's what I know for sure: the startups building in Bangladesh today aren't just local success stories. They're creating solutions for problems that billions of people face. The same flooding that hits Dhaka hits Jakarta. The same small farmer credit problems exist across Africa. The retail fragmentation you see in Bangladesh mirrors what's happening in dozens of emerging markets. Build a solution that works here, and you've built something the world needs.

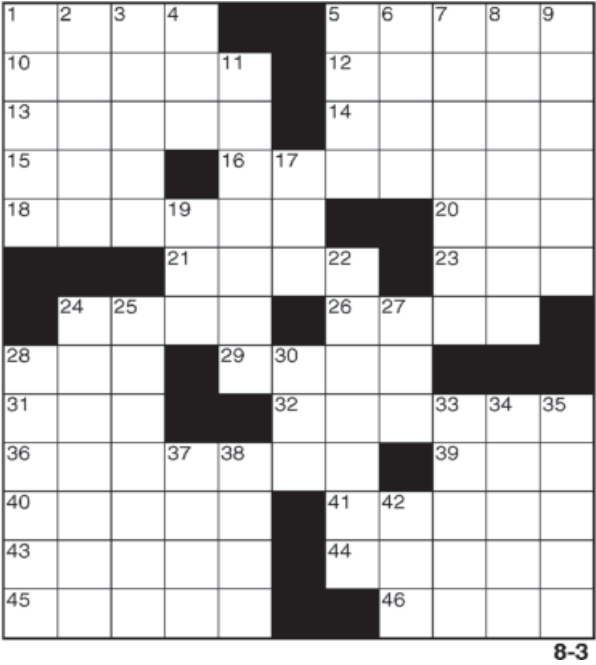
The only question is whether you want to be part of building the next wave of global companies or sit back and watch others grab the opportunity.

CROSSWORD  
BY THOMAS JOSEPH

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