




# Key challenges to attaining the first demographic dividend in Bangladesh

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The demographic dividend is the accelerated economic growth resulting from declines in fertility and mortality and the subsequent change in the age structure of a country's population. It refers to accelerated economic growth that can occur when a country's working-age population (typically ages 15-64) is large relative to dependents (children ages 0-14 and elderly ages 65 and above). In the midst of the demographic transition, Bangladesh is currently experiencing changes in its age structure, with two-thirds of the population in the working-age group. This could provide a stimulus for the first demographic dividend, as the country's dependency ratio has significantly declined over recent decades, offering a key opportunity to accelerate economic growth — provided the workforce is productively employed and healthy. To fully reap the benefits of this

**KEY POINTS**

1. Create diversified, decent jobs to absorb educated youth productively.
2. Align education and training with market and future skill demands.
3. Boost female labour participation by ending child marriage and barriers.
4. Increase investment in education, health, and human capital development.
5. Improve savings, investment climate, urban planning, and environmental resilience.

demographic opportunity, which should remain a top priority on the political agenda, it is essential to act within the timeframe to maximise the gains of the first demographic dividend by 2036, according to the National Transfer

Accounts (NTA), while the dependency ratio is projected to reach its lowest point in 2045 (World Population Prospects 2024 Revision). This offers a unique economic opportunity, but realising it requires strategic, coordinated reforms

in education, health, labour markets, economic and social policies, and good governance. Without such actions, the potential dividend may remain unrealised. To reap the benefits of the first demographic dividend, Bangladesh needs to address several key challenges that hinder it. First, high youth unemployment and underemployment: In Bangladesh, youth unemployment remains significantly higher than the national average, and underemployment is also widespread — many young workers are in low-paying or informal labour markets that underuse their skills. Educated youth often struggle more to find jobs that match their qualifications, pointing to structural weaknesses in the economy's ability to create high-quality jobs. In addition, job creation is not keeping pace here. Economic growth has not consistently generated

enough decent formal employment to absorb millions of new job seekers each year. Informal sector jobs often lack job security and productivity. A heavy reliance on traditional export sectors, such as ready-made garments (RMG), limits diversification into higher-value industries that could create more jobs and better wages. Here, high youth unemployment underutilises workforce potential and hinders successful employment growth. Second, mismatch between education and market needs: Although enrolment and literacy rates have improved over the years, the quality of education remains weak. It often does not equip students with market-relevant skills, especially in technology, communication, and vocational fields. Limited emphasis on practical, creative, and high-value skills means that many graduates are

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