Demographic Dividend
A Powerful Tool for Advocacy, Indonesia’s Example

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ICFP, Pre conference Workshop on DD modelling
How did it start?

• In 2005 I delivered speech titled 'Bonus Demography explains the relationship between population growth and economic growth.' during professorship inauguration at the University of Indonesia.
• Attended by prominent economist from the Faculty of Economics (‘the Berkeley Mafia?’) University of Indonesia, Prof Widjojo Nitisastro (the architect of Indonesian development during Suharto) and high level officials from BkkBN including Prof Haryono Suyono.
• The presentation shows the long-term impact of FP program since 1970s.
• BkkBN reproduced 2000 copies of my speech and distributed it to all FP officials at the district level (about 500 districts).
Demographic Dividend Explains the Relationship between Population Growth and Economic Growth
The process: Evidence Based Policy Making, Lesson learned from Indonesia

1. First we need long-term series of data.
   - But also making use of the UN Population Projection 1950-2050
   - From which we can see changes in age structure

2. Second we need a theoretical framework
   - Theory of demographic transition
   - Long term impact of Indonesian fertility and mortality decline and increase in life expectancy
   - Contributed mostly by rapid decline in fertility due to FP program
Indonesian Demographic Transition and the explosion of working age population, UN Projection 2002
### Dependency Ratios and the DD

<table>
<thead>
<tr>
<th>Year</th>
<th>1971</th>
<th>2000</th>
<th>2020-2030</th>
<th>&gt;2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86</td>
<td>54</td>
<td>&lt; 50</td>
<td></td>
</tr>
</tbody>
</table>

Increasing contributed by rapid population ageing

**Diagram:**
- **Dependency Ratios 0-14, 65+, total**
- **Persen**
- **Tahun**
- **Total**
- **Muda**
- **Lansia**
- **Bonus Demografi**
- **window of opportunity**
How to sell Bonus Demography?

• First: change the word Demographic Dividend into ‘Bonus Demografi’ which is easy to remember by the Indonesians.

• Second: supported by UNFPA I presented this evidence to people at the National Planning Agency, attended by officials from the Directorate level (echelon 2).

• Third: followed by presentations in front of other government officials, several ministries: Coordinating Ministry of People’s Welfare, Ministry of Interior, Ministry of National Education, BKKBN (Board of Population and FP) as well as bankers and private sectors.

• News papers and Media help a lot.
The Impact

Law no 17 of 2007 on Long-Term Development Plan (RPJP) 2005-2025
Bonus Demografi is seen as a challenge to the Social Development, Attachment page 21-22

• Within the next 20 years, Indonesia will face an increasing population pressure. In 2005 the Population size was 219 million and is projected to 274 million in 2025.

• Control of population quantity and rate of population growth has to be prioritized to achieve a quasi-stable population. This is to continue the evidence of demographic bonus indicated by the size of productive age which is larger than the size of non-productive population.

• This condition should be utilized optimally to improve the quality human resources which should be competitive to increase people’s welfare.
Further Impact

Presidential Regulation no 2 of 2015 on Midterm Development Plan 2015-2019 (RPJMN)

Sumber data: Proyeksi penduduk Indonesia 2010-2035. Rasio ketergantungan dihitung dari jumlah penduduk usia 0-14 tahun dan penduduk usia 65+ dibagi dengan penduduk usia produktif (15-64 tahun)
Three Strategic Issues in Book I of the Midterm Development Plan, 2015-2019

- 3.1 Geo-Economics .................................................. 3-1
- 3.2 Geo-Politics ....................................................... 3-7
- 3.3 **Bonus Demografi** ........................................... 3-12
- 3.4 Post 2015 Agenda and Cimate Change .................. 3-15
Point 3.3 of the RPJMN: about bonus demografi

• .... Bonus demografi does not automatically induces economic growth leading to people’s welfare

• .... It has to be accompanied by appropriate policies. Especially human capital development

• ..... To prepare the labour force with skills and competence needed at work; accompanied by appropriate economic policy to create employment opportunities, flexible labour market, open trade policies and aggregate savings, and infrastructure development.

• ..... With at the same time to continue efforts to bring further fertility decline.
MAINSTREAMING BONUS DEMOGRAFI

<table>
<thead>
<tr>
<th>Sector</th>
<th>Policy Strategies</th>
</tr>
</thead>
</table>
| Social, Cultural and Religion | • Continue fertility decline  
• Increasing health cover (toward UHC)  
• Expanding access of 12 years education  
• Increasing access and quality of tertiary education  
• Increasing skill training for the labour force through qualification, increasing number of institutions and training relevant to the labour market.  
• Increasing entrepreneurship and character buildings of young people. |
| Economy and labour issues     | • Optimizing global partnership with concern on social and cultural aspects.  
• Increasing employment opportunity  
• Increasing investment climate and export promotion  
• Increasing the synergy toward policies in the industrial sector  
• Increasing labor market flexibility while at the same time increasing the decent work policies.  
• Capital deepening and increasing education of workers.  
• Increasing female labour force participation. |
<table>
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</table>
| Natural Resources and Environment  | • Increasing protection and food security with concern on changes in consumption pattern and local culture/habit.  
• Increasing protection and energy security to meet the need of the industry. |
| Science and technology             | • Increasing the Science and Technology utilization to increase national productivity. (STEM).  
• Increasing tax incentives for research and development activities |
<table>
<thead>
<tr>
<th>Sector</th>
<th>Policy Strategies</th>
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</thead>
<tbody>
<tr>
<td>Politics, Laws and Security</td>
<td>• Increasing labour force participation at the regional level</td>
</tr>
<tr>
<td></td>
<td>• Protecting the right and participation of all people in the development process</td>
</tr>
<tr>
<td></td>
<td><em>(inclusive growth)</em></td>
</tr>
<tr>
<td></td>
<td>• Increasing labour protection and foreign partnership</td>
</tr>
<tr>
<td></td>
<td>• Regional development, infrastructure and spatial management</td>
</tr>
<tr>
<td>Regional development, Spatial Management</td>
<td>• Developing growth centres utilizing labour force structure and inter-connectivity</td>
</tr>
<tr>
<td>and Infrastructure</td>
<td>among regions</td>
</tr>
<tr>
<td></td>
<td>• Spatial management to anticipate Urbanization</td>
</tr>
<tr>
<td></td>
<td>• Increasing infrastructures to facilitate mobility and productivity.</td>
</tr>
</tbody>
</table>
Concerted Effort: an integrated system of thinking, to build human capital with high quality – healthy, intelligent and productive workers.

Start with changes in Population Age Structure → family planning should be continued

Investing in education with quality. Cognitive skill is the key to economic growth

Good Governance, bureaucracy, simple procedure of investment

Investing in health, start with 1000 days of lives, since in the womb, to produce healthy, intelligent and productive workers

Economic policy to absorb large number of working age population

Economic growth: production exceeds consumption

Source: Adioetomo, 2014, adapted from USAID, PRB, IDEA 2013 May 2013
Conclusion

• It took 10 years to make effective advocacy, advocacy that works (2005-2015)

• Now the words ‘bonus demografi’ is like ‘mantra’, executives, legislatives, policy makers, government officials, provincial governors, NGOs, Youth Communities use these words.

• Do they really know what is ‘bonus demografi?’ needs more works.

• Effective networking should be continued.

• But also writings articles about ‘bonus demografi’ on news papers

• *I was awarded with title ‘dedicated scientist’ by prominent news paper Kompas 25 June 2015*
Hanya sedikit ilmuwan yang mengalami tiga kali pensiun. Pakar demografi, Prof Sri Moertiningsih Adioetomo, SE, MA, PhD (72), adalah satu di antaranya. Ilmuwan sejati tak pernah benar-benar berhenti....
Thank you

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