

2020 ETHIOPIA



**DDEI**

DEMOGRAPHIC DIVIDEND  
EFFORT INDEX

# Demographic Dividend Effort Index Report



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## Background

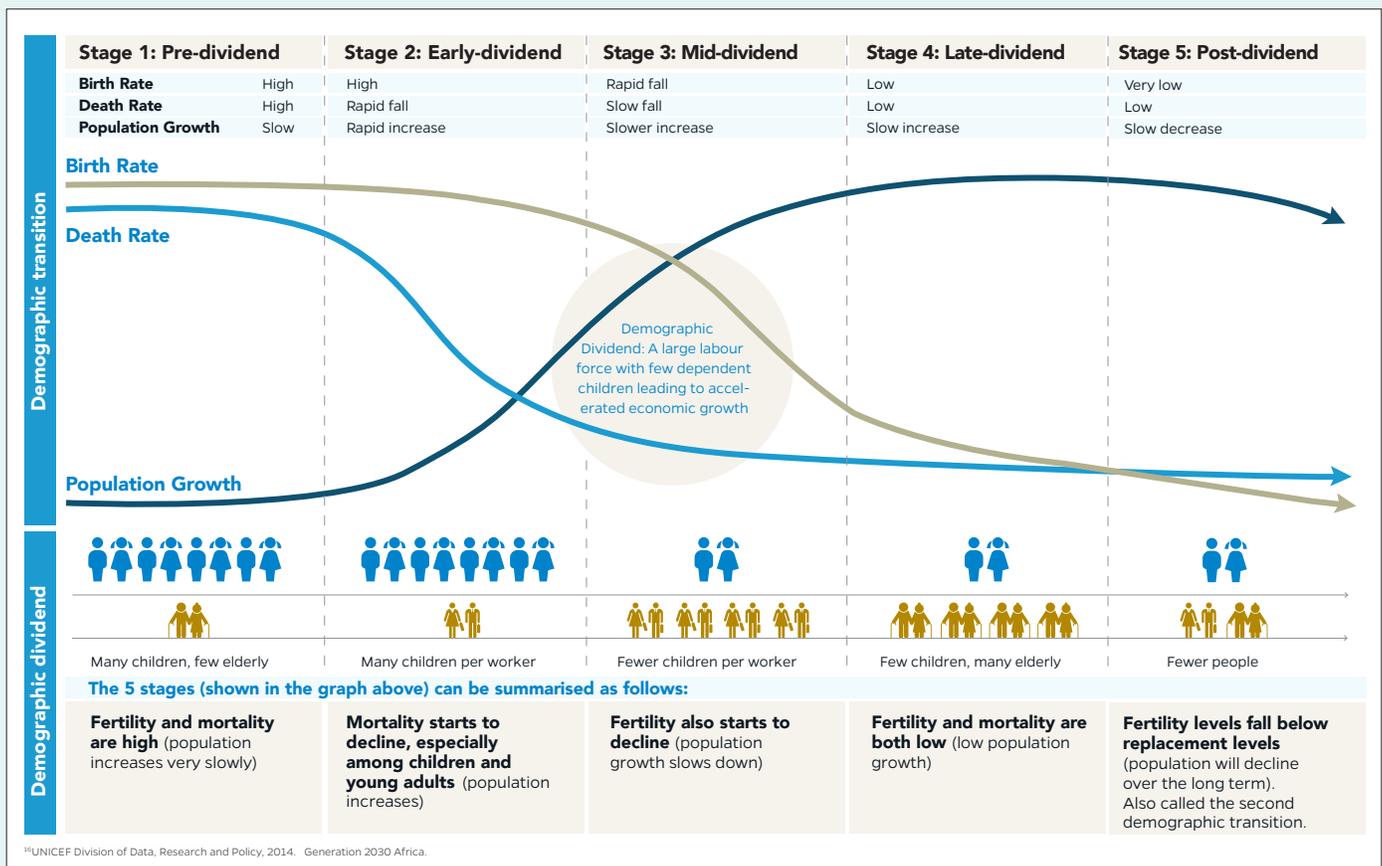
A demographic dividend (DD) presents countries the opportunity to accelerate economic growth and achieve sustainable development and social change. It is the result of changes in the population age structure that occur from declines in both child mortality and fertility during the third stage of the demographic transition period<sup>1</sup>. To fully harness the benefits produced by the DD, countries require targeted investments in human, social, and physical capital<sup>2</sup>.

The majority of Sub-Saharan African countries are in the first, second or third stage of their demographic transition, which positions them as pre- and early dividend countries (Figure 1)<sup>3</sup>.

Evidence has shown that countries need to approach the DD as an interrelated system in which multiple sectors work together to create a favorable policy environment<sup>3</sup>. The demographic dividend effort index (DDEI) fulfills the need for a standard measure to quantify the extent of

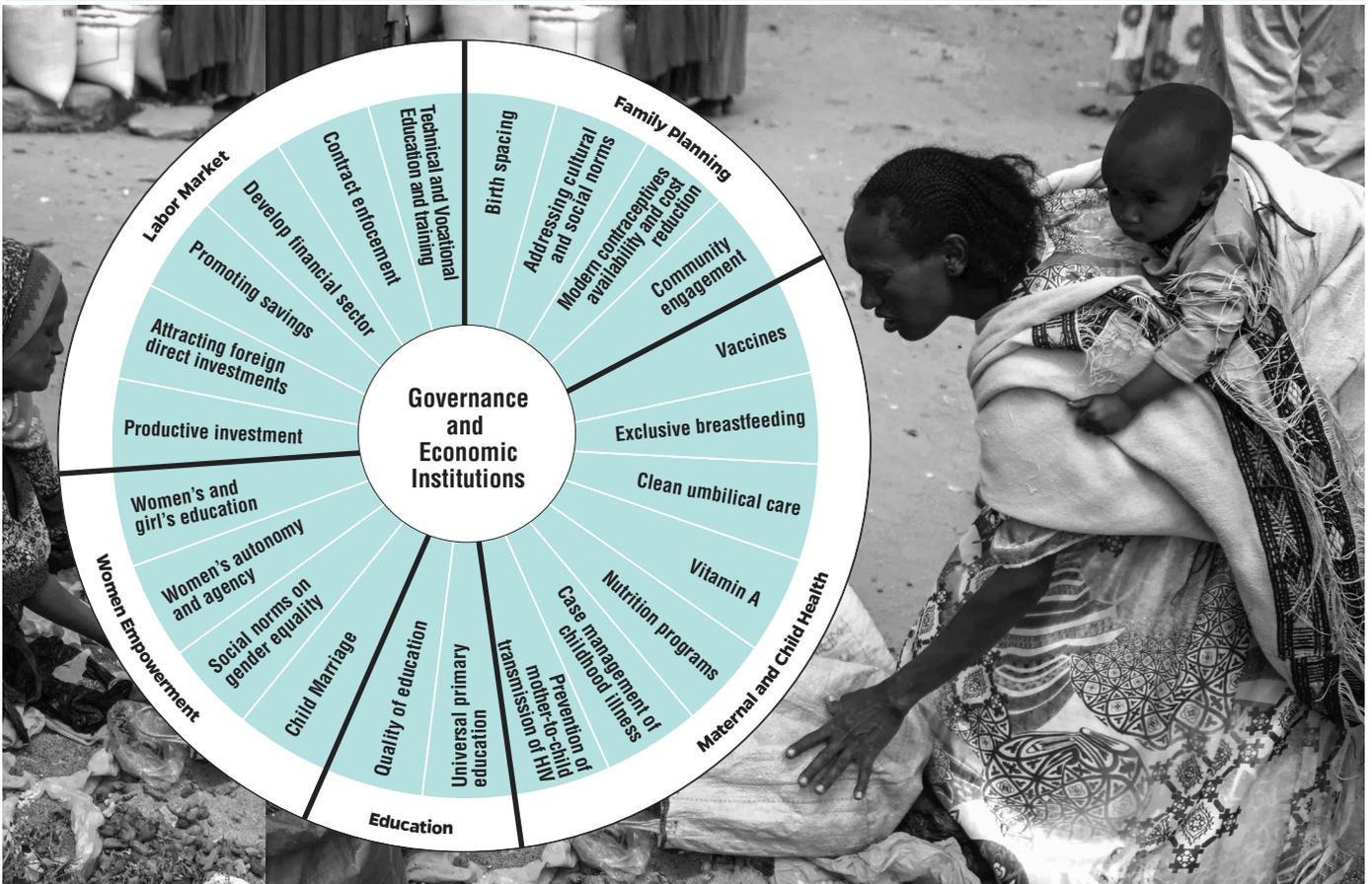
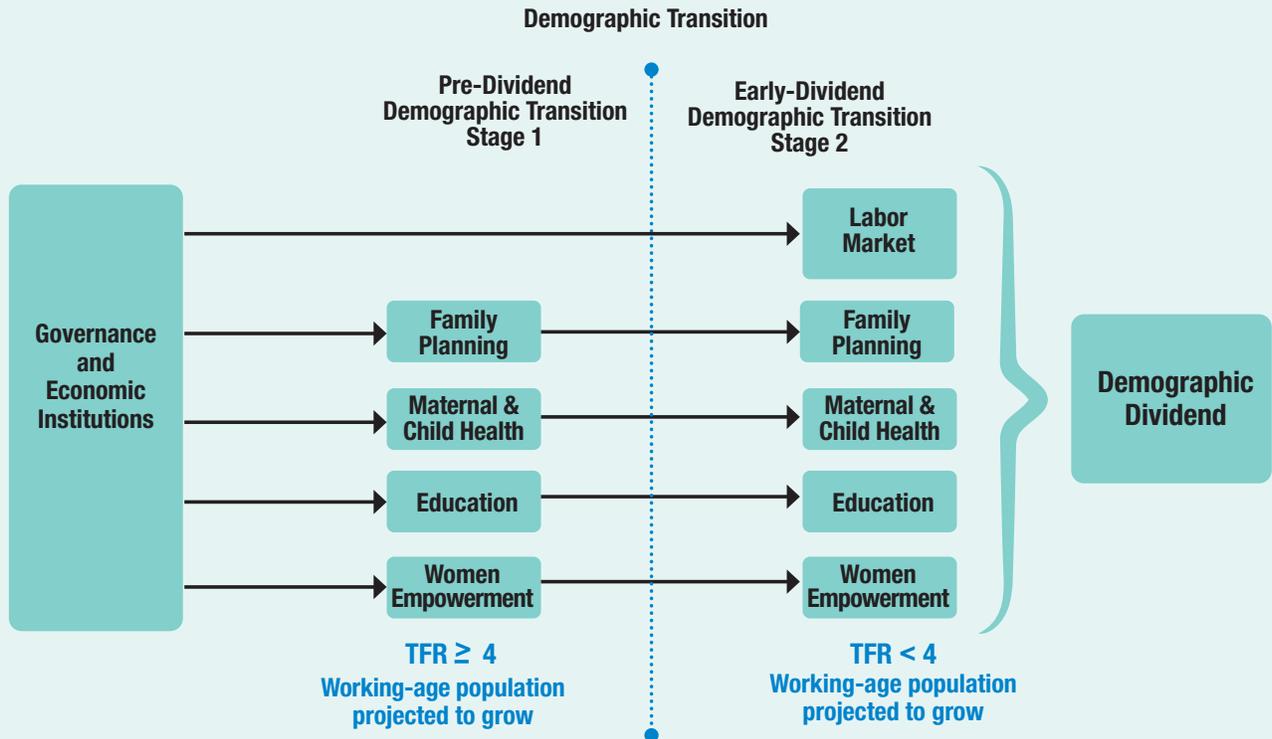
multisectoral national efforts in policies and programs implemented to cultivate, realize and harness the benefits of a DD. Information was collected from sectoral experts across the six sectors identified as being integral to the creation of a favorable environment for the DD namely Family Planning (FP), Maternal and Child Health (MCH), Education (ED), Women’s Empowerment (WE), Labor Market (LM) and Governance and Economic Institutions (GEI). The DDEI uses a Likert scale to measure efforts from 1 to 10, with 1 representing non-existing or weak effort, and 10 a very strong effort. Figure 2. “DD Framework and Wheel of Prosperity” illustrates sector-specific intervention areas that informed the DDEI survey questionnaires. Each sector-specific survey is divided into 5 selected dimensions: policy making, services and programs, advocacy, research, and civil society selected based on a review of the literature that demonstrates their influential placements throughout a society, and their potential for fostering a DD-favorable environment.

**Figure 1.** Demographic transition and demographic dividend



Source: UNICEF. “MENA Generation 2030: Investing in Children and Youth Today to Secure a Prosperous Region Tomorrow,” 2019.

**Figure 2.** Demographic Dividend framework and wheel of prosperity that summarizes potential high impact sector-specific programs and interventions.



## Demographic Transition Status in Ethiopia: Accelerating Progress

As of mid-year 2020, Ethiopia had an estimated population of 114.9 million, annual population growth rate of 2.6%, and 39.9% of Ethiopia’s population was under age 15<sup>4</sup>. The Total Fertility Rate, or the average number of children per woman over the course of her lifetime, has declined from 7.2 children in 1990 to 4.6 children per woman in 2016<sup>5</sup>. Currently, Ethiopia is considered a pre-dividend country that lies between stages 2 and 3 of the demographic transition (Figure 1).

The broad base of Ethiopia’s 2020 population pyramid represents a large number of children in relation to the working age population<sup>6</sup>. However, compared to past decades the base is beginning to narrow at the youngest ages, representing a fertility decline, an overall population shift to older ages and reduction of the dependency ratio (Figure 3).<sup>7</sup>

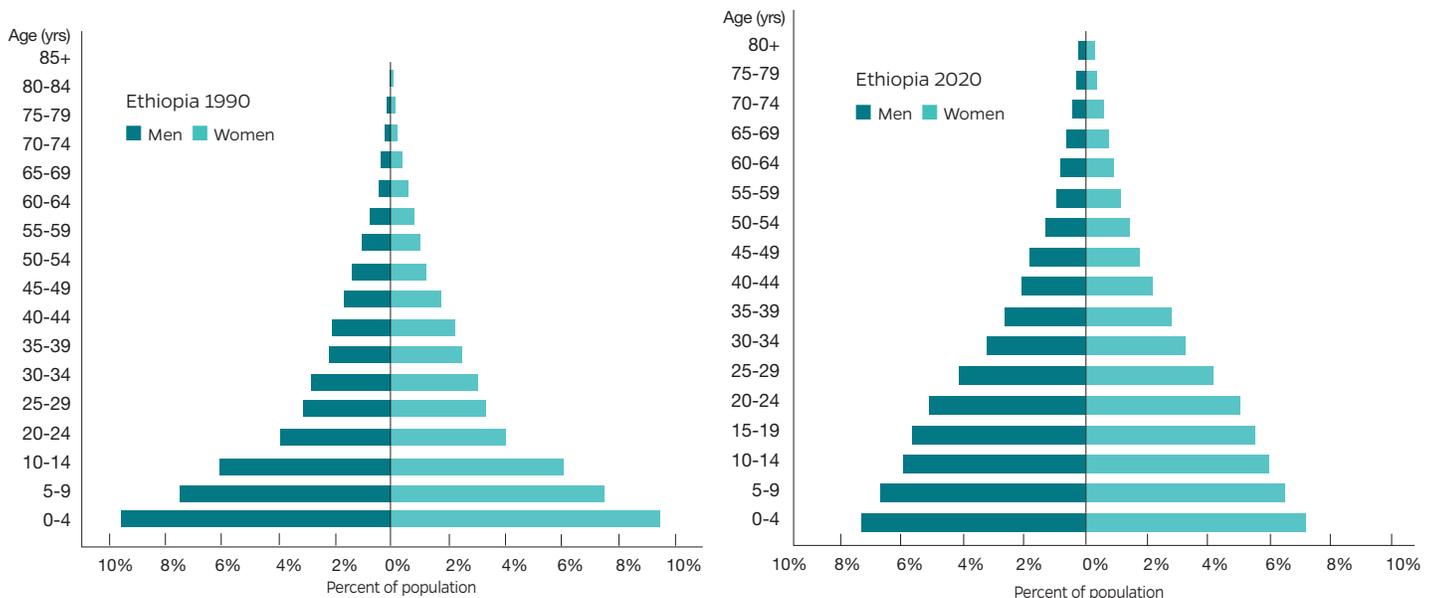
United Nations projections based on assumptions of continued moderate fertility decline demonstrate that by 2025 through 2030, fertility will decline to an average of 3.4 children per woman over her lifespan. Further projections to 2045 through 2050 show fertility to decline further to 2.5 children per woman<sup>4</sup>. In these 2030 and 2050 scenarios alike, Ethiopia would have a proportionately larger working age population compared to the number of dependent children and elders, creating a window of opportunity for rapid socio-economic growth. As a pre-dividend country, trend data shows that Ethiopia has made big strides on an issue that is important to achieving a demographic dividend: contraceptive use prevalence. Contraceptive use has increased dramatically among married women from 8% in 2000<sup>8</sup> to 36% in 2016<sup>5</sup> and 41% in 2019<sup>9</sup>.

The country achieved the Millennium Development Goal targets relating to child health well ahead of the 2015 deadline as data reported in 2011 showed declines in infant mortality by 42% and under-five mortality by 47% over the prior 15 years<sup>10</sup>. Other health burdens such as malaria and HIV, and to a small extent tuberculosis, have also seen substantial decreases over the last decade. And over the last two decades, the life expectancy at birth has increased from 50.5 years in 2000<sup>11</sup> to 68.7 in 2019<sup>12</sup>.

Another critical piece to achieving a demographic dividend is around the labor market and job creation, especially considering Ethiopia’s strong economic growth in recent decades<sup>13</sup> and the unique progress in the textile industry<sup>14</sup>. Given the large population of youth, this growth presents an opportunity to integrate a larger population in the labor force and other emerging markets. The previous Ethiopia’s experience has proven that adapting labor market landscape can help promote the economic gross domestic product growth of 9.8% a year that the country experienced from 2008/09 to 2018/19, which has significantly accelerated poverty reduction<sup>15</sup>.

Nevertheless, in 2020, Ethiopia was still experiencing a high but declining dependency ratio of 76.8 dependents per 100 working-age adults which has remained high despite changes in the demographic age structure and poverty levels<sup>6</sup>. To ensure a reduction of the dependency ratio and favorable environment for the DD to happen, Ethiopia will need to continue strengthening its efforts to ensure family sizes that can be supported by available resources and more investments in human capital development with special focus on women and girls. Additionally, the unique opportunities that can be capitalized on in the labor market should be continuously leveraged moving forward. The FP, MCH, ED, WE, GEI and LM sectors are essential for a DD and to set the stage for labor market success.

**Figure 3.** Ethiopia’s population pyramid, 2020.<sup>7</sup>





## DD Effort Index Summary Results

### Approach and Results

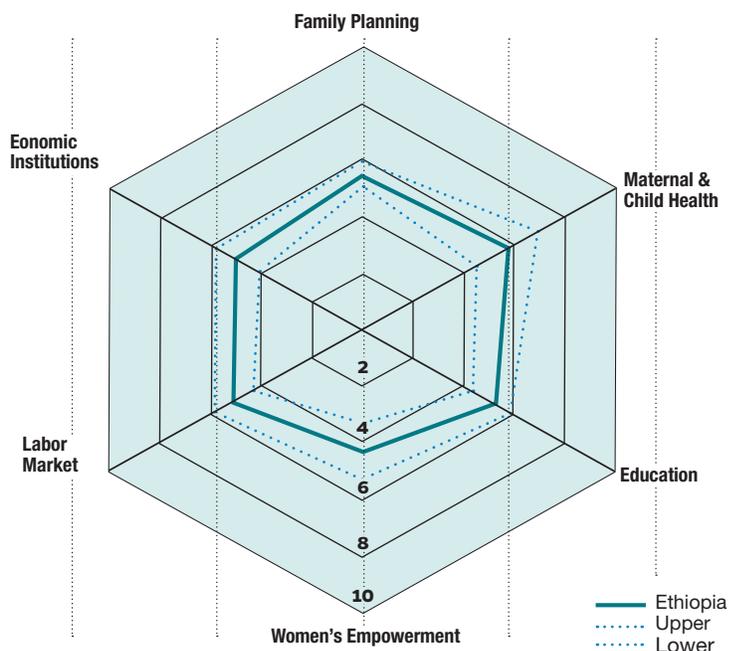
The Gates Institute partnered with the Ethiopian Academy of Sciences in Ethiopia to locate experts working in the FP, MCH, ED, WE and GEI and LM sectors across five dimensions: policy making, services and programs, advocacy, research, and civil society. This resulted in **73** completed surveys across the six sectors: FP (17), MCH (15), ED (15), WE (8), LM (9) and GEI (9).

Summary results demonstrating perceived level of effort towards the DD within each sector are presented in Figure 4. The average scores on a scale from 1 to 10 for each sector are as follows:

- |                    |                    |
|--------------------|--------------------|
| 1. FP: <b>5.4</b>  | 4. WE: <b>4.3</b>  |
| 2. MCH: <b>5.7</b> | 5. LM: <b>5.1</b>  |
| 3. ED: <b>5.2</b>  | 6. GEI: <b>5.0</b> |

Confidence intervals are presented in the dotted lines to show the upper and lower bounds. The overall DDEI score of Ethiopia's six sectors is **5.2** (95% Confidence Interval [CI]: 4.9-5.6).

**Figure 4.** Radar plot of DDEI results across all sectors in Ethiopia.



## Key DD Effort Levers

**T**he summary results demonstrate that there is a moderate level of effort being devoted towards creating an enabling environment that would allow Ethiopia to harness the benefits of the DD. The moderate levels of effort are seen in the MCH sector (5.7), followed by the FP sector (5.4), the ED sector (5.2), the LM sector (5.1) and then the GEI sector (5.0). Moderate to less-than-moderate levels of effort are being undertaken in the WE sector (4.3). To accelerate progress, Ethiopia should consider the following policy levers to ensure a favorable environment for harnessing a DD:

- **Implement sound macroeconomic and fiscal policies that expand the demand for labour are essential to improve the investment climate, ensure employment generation and absorb the increasing workforce, especially young female workers.**
- **Uphold good governance by strengthening the rule of law, improving the efficiency of government institutions, reducing corruption, and guaranteeing contract enforcement procedures.**
- **Strengthen coordination among government, civil society, and communities to promote efficient use of available resources for FP programs.**
- **Create a system to monitor government commitments and ensure accountability and transparency for Reproductive Maternal Newborn and Child Health (RMNCH) programs.**
- **Enhance focus on secondary education; greater focus on adult and non-formal education. Both have received attention in the New Education Roadmap.**

Ultimately, achieving progress will require multi-dimensional, multisectoral collaboration to ensure that all aspects of Ethiopian society move forward together.

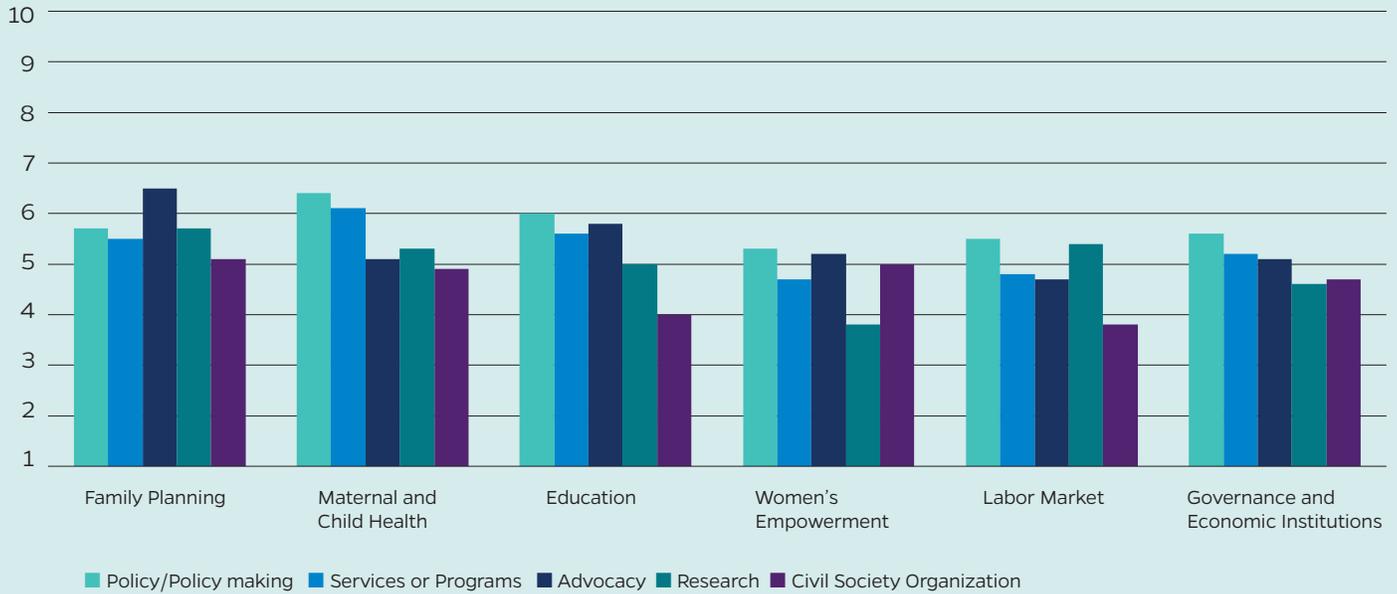
In the future, the DDEI should be used regularly to provide data informed discussion points for stakeholders and a

timely assessment of successes and gaps while documenting best practices and areas of improvement. Country stakeholders may consider conducting the DDEI annually or bi-annually at the national level as well as utilizing the DDEI at the subnational level to facilitate performance and mutual learning within the country.

## DDEI Results Across Sectors

The DDEI results across sectors, by societal dimension, are presented in Figure 5. This demonstrates the variations in scores within DDEI sectors and across dimensions .

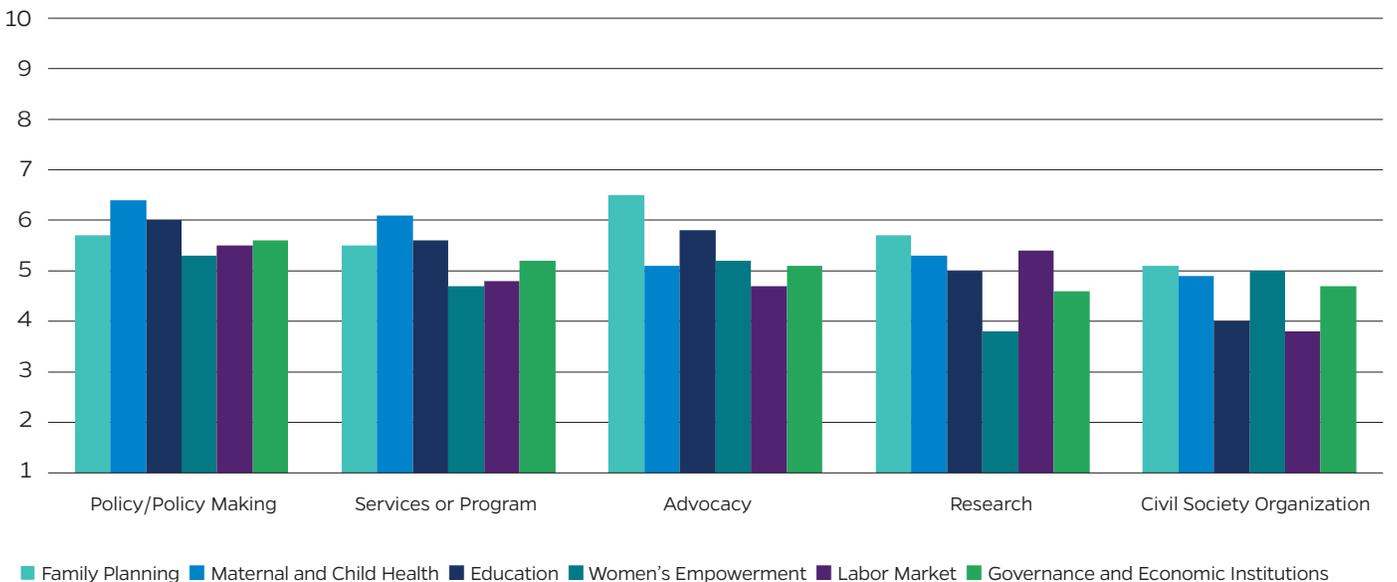
**Figure 5:** Bar chart of DDEI results across sectors, by societal dimensions in Ethiopia.



## DDEI Results Across Dimensions

The resiliency module results across societal dimensions, by DDEI sector, are presented in Figure 6. This demonstrates the wide variations in scores within and across societal dimensions.

**Figure 6:** Bar chart of DDEI results across societal dimensions, by sector in Ethiopia.





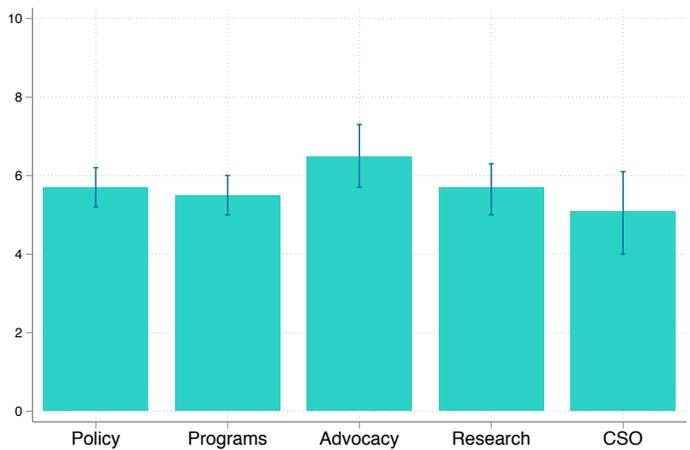
## Family Planning Efforts Scores

The FP sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the FP sector by dimension are presented in Figure 7. The results are based on responses from **17** FP experts working in Ethiopia. The scores for each dimension within FP are as follows:

1. Policy/policy making: **5.7** (95% CI: 5.2-6.2)
2. Services/Programs: **5.5** (95% CI: 5.0-6.0)
3. Advocacy: **6.5** (95% CI: 5.7-7.3)
4. Research: **5.7** (95% CI: 5.0-6.3)
5. CSOs: **5.1** (95% CI: 4.0-6.1)

Based on weighted statistical analysis, the overall score for the level of effort towards an enabling environment to harness the benefits of the DD in the FP sector is **5.4** (95% CI: 5.0-5.9).

**Figure 7.** Bar chart of DDEI results in the FP sector in Ethiopia,



## Key Family Planning Effort Levers

**F**amily planning programs are highly effective at managing fertility levels to allow couples to attain their desired family size. Focusing on fertility management in pre-dividend countries remains crucial to progress towards the demographic transition and pave the path to harnessing greater gains from a demographic dividend. Noting the multisectoral nature of progress towards the DD, higher socioeconomic status (SES) is positively associated with declining fertility. As families become smaller, household members have greater resource allocation per capita, which, for children, can be translated into higher educational investments and higher parental time per child. Furthermore, the pace of fertility decline is subject to contraceptive practices and women's demand for contraception; however, overall demand is greatly affected by the supply of quality services and methods. Finally, understanding the social context of a community and the local perceptions of family planning can help guide the development of successful family planning programs to achieve national fertility rates favorable to attaining the DD.<sup>2</sup>

Survey results demonstrate that the advocacy dimension is perceived to be devoting the greatest level of effort towards improvements in the FP sector. This is followed further behind by the dimensions of policy/policy making and research, and then services/programs, which are demonstrating moderate levels of effort. Slightly further behind is the civil society dimension, which is demonstrating levels of effort at the low end of moderate.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the FP sector:

- **Elaborate institutional arrangements and coordinating mechanisms for Civil societies in the FP programs.**
- **Increase domestic resources and funding for family planning program.**
- **Revise the current population policy and develop strategies addressing changes in the demographic, epidemiologic and socio-economic conditions of Ethiopia.**
- **Enhance accountability mechanism to ensure the implementation of family planning programs and develop capacities of those who have power and formal obligations to protect, respect and fulfill human rights.**
- **Ensure adequate availability of commodities and consumable supplies through community directed intervention approaches and involve private sector, including faith-based organizations, and CSOs.**

Lastly, a multi-dimensional and multisectoral collaboration is crucial to ensure that the FP sector can benefit from and complement the progress and efforts being made in other domains and sectors.



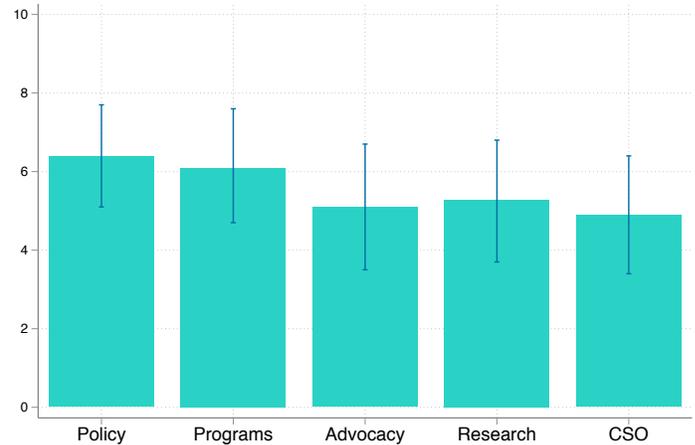
## Maternal and Child Health Efforts Scores

The MCH sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the MCH sector by dimension are presented in Figure 8. The results are based on responses from **15** MCH experts working in Ethiopia. The scores for each dimension within MCH are as follows:

1. Policies: **6.4** (95% CI: 5.1-7.7)
2. Services/Programs: **6.1** (95% CI: 4.7-7.6)
3. Advocacy: **5.1** (95% CI: 3.5-6.7)
4. Research: **5.3** (95% CI: 3.7-6.8)
5. CSOs: **4.9** (95% CI: 3.4-6.4)

The overall score for the level of effort towards an enabling environment to harness the benefits of the DD in the MCH sector is **5.7** (95% CI: 4.5-7.0).

**Figure 8.** Bar chart of DDEI results in the MCH sector in Ethiopia, by dimension. (95% Confidence Interval)



## Key Maternal and Child Health Effort Levers

**R**educing infant and child mortality, along with maternal mortality, is a global goal that is part of the Sustainable Development Goals and included in the national plans and policies. Although there is disagreement in the direction of the causal path, there is a consensus that the achievement of reduced child mortality, fertility decline, and lower maternal mortality are key to achieving fertility management and attaining a demographic dividend<sup>2</sup>.

Survey results demonstrate that the policy/policy making dimension is perceived to be devoting the greatest level of effort, followed closely by the services/programs dimension, at the moderately high range of effort. In the moderate level of effort range are the dimensions of research and advocacy. The civil society dimension ranks last, just below the moderate level of efforts.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the MCH sector:

- Institutionalize processes and spaces for civil society engagement at all levels of decision making, planning, implementation, monitoring and evaluation of RMNCH programs.
- Ensure that appropriate budget allocations are made for the provision RMNCH services such as fulfilling the Abuja declaration.
- Ensure the application of human rights-based approach in the implementation of policies and programs.
- Strengthen the culture of quality and transparency in the management of health information and use data for decision making.
- Strengthen the health systems preparedness to respond during outbreak or crisis such as the COVID-19 pandemic.

Lastly, a multi-dimensional and multisectoral collaboration is crucial to ensure that the MCH sector can benefit from and complement the progress and efforts being made in other domains and sectors.



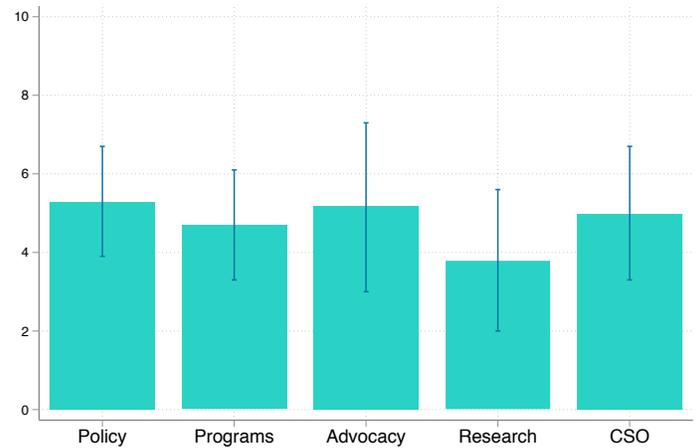
## Women Empowerment Efforts Scores

The WE sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the WE sector by dimension are presented in Figure 9. The results are based on responses from **8** experts working in the area of WE in Ethiopia. The scores for each dimension within WE are as follows:

1. Policies: **5.3** (95% CI: 3.9-6.7)
2. Services/Programs: **4.7** (95% CI: 3.3-6.1)
3. Advocacy: **5.2** (95% CI: 3.0-7.3)
4. Research: **3.8** (95% CI: 2.0-5.6)
5. CSOs: **5.0** (95% CI: 3.3-6.7)

Although the WE is essential to create an enabling environment to harness the benefits of the DD, the average score for the level of effort in WE sector is as low as **4.3** (95% CI: 3.3-5.3).

**Figure 9.** Bar chart of DDEI results in the WE sector in Ethiopia, by dimension. (95% Confidence Interval)



## Key Women Empowerment Effort Levers

**W**omen's and girls' empowerment are required to create and capitalize on the benefits of a DD through improvements in health, education and decision-making power. Critically, empowered women have the potential to transform countries' economies from states of low education and slow economic growth towards states of high education and rapid economic growth. Characteristics of empowered women include the autonomy to make their own reproductive health decisions, economic self-reliance and household decision-making, among shifts towards increasing levels of education, which can all be reached through societal shifts in gender norms.

Overall, scores in the WE sector are lower than all other sectors. In this sector, survey results demonstrate that the policy/policy making, advocacy and civil society dimensions are perceived to be devoting the greatest levels of effort, at the lower end of the moderate level, towards achievement of the DD. This is followed by the services/programs dimension and further behind by the research dimension.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the WE sector:

- **Establish gender equality and women empowerment policy priority areas at national and regional levels and guiding and promoting gender equality and women empowerment through concerted, actionable legal, regulatory and policy frameworks and tools**
- **Develop gender-responsive strategic planning, programming, and service provisions and rigorous monitoring and evaluation mechanisms in all aspects of WE.**
- **Establish and cascade viable mechanisms for the mobilizations at all levels for social transformations on gender issues, including gender equality and women empowerment and for the implementations of gender equality and women empowerment policies.**
- **Strengthen local efforts to sensitize policy implementers and the larger public on gender and issues affecting women and develop strategic collaboration with all stakeholders to support the movement.**
- **Enhance and encourage institutional and independent research activities that inform gender issues in general and gender equality and WE in particular.**
- **Staff government agencies and other organization that are working on WE with people who are capable of producing and using sex-aggregated evidence to drive evidence-based and data-informed WE practices at all levels.**
- **Establish viable mechanisms to engage and strengthen the capacity of CSOs and their effectiveness in their endeavors in supporting women's rights, delivering services to women, and devoting greatest level of efforts towards achieving DD in WE.**

Lastly, a multi-dimensional and multisectoral collaboration is crucial to ensure that the WE sector can benefit from and complement the progress and efforts being made in other domains and sectors.



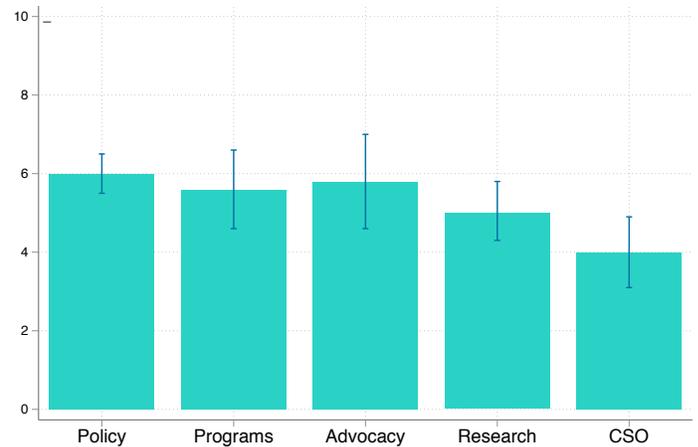
## Education Efforts Scores

The ED sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the ED sector by dimension are presented in Figure 10. The results are based on responses from **15** experts working in the sector of ED in Ethiopia. The scores for each dimension within ED are as follows:

1. Policies: **6.0** (95% CI: 5.5-6.5)
2. Services/Programs: **5.6** (95% CI: 4.6-6.6)
3. Advocacy: **5.8** (95% CI: 4.6-7.0)
4. Research: **5.0** (95% CI: 4.3-5.8)
5. CSOs: **4.0** (95% CI: 3.1-4.9)

Demonstrating that ED is essential to create an enabling environment to harness the benefits of the DD, the average score for the level of effort in ED sector is **5.2** (95% CI: 4.4-5.9).

**Figure 10.** Bar chart of DDEI results in the ED sector in Ethiopia, by dimension. (95% Confidence Interval)



## Key Education Effort Levers

Countries between the second and third stages of the demographic transition such as Ethiopia have the unique opportunity to boost their economies by taking advantage of the large “youth bulge” in their populations. Investing in education and tailoring education to the labor market can increase output per worker and drive development. Critically, individuals with higher levels of education are more efficient producers of health, which in turn is translated into a healthier population with higher productivity levels. Issues around education will need to consider gender equality in the acquisition of education, as well as the quality of education that is to be provided.<sup>2</sup>

In the ED sector, survey results demonstrate that the policy/policy making dimension is perceived to be devoting the greatest levels of effort, at the high-moderate level, towards achievement of the DD. In the moderate level of effort range are the dimensions of advocacy, services/programs, and further down, research. In the lowest range of effort is the dimension of civil society organizations.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the ED sector:

- **Enhance focus on secondary education to allow girls from primary education to proceed with higher levels of education.**
- **Redirect focus on adult and non-formal education for those unfortunate enough to drop-out of primary and secondary education**

Lastly, a multi-dimensional and multisectoral collaboration is crucial to ensure that the ED sector can benefit from and complement the progress and efforts being made in other domains and sectors.



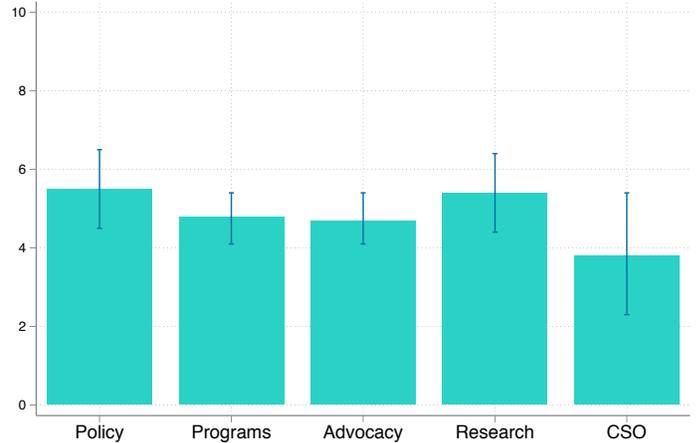
## Labor Market Efforts Scores

The LM sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the LM sector by dimension are presented in Figure 11. The results are based on responses from 9 experts working in the sector of LM in Ethiopia. The scores for each dimension within LM are as follows:

1. Policies: **5.5** (95% CI: 4.5-6.5)
2. Services/Programs: **4.8** (95% CI: 4.1-5.4)
3. Advocacy: **4.7** (95% CI: 4.1-5.4)
4. Research: **5.4** (95% CI: 4.4-6.4)
5. CSOs: **3.8** (95% CI: 2.3-5.4)

Although the LM increasingly becomes a priority as the country goes through its demographic transition, the average score for the level of effort in the LM sector is just **5.1**.

**Figure 11.** Bar chart of DDEI results in the LM sector in Ethiopia, by dimension. (95% Confidence Interval)



## Key Labor Market Effort Levers

Countries need productive and supportive labor markets to optimize their production capacity to absorb the growing young population. With declining fertility, Ethiopia has a higher proportion of young people “youth bulge”, which has created a large proportion of working youth compared to lower numbers of dependent children. This “youth bulge” can maximize the benefits of a DD through employment and increased women’s participation in the labor force. Thus, the labor market is a critical sector as the benefits of a DD can be greater if young adults are able to accumulate human capital before they enter the labor force, and if the labor market is in fact able to offer productive jobs. It will be critical to consider growth in formal labor areas, as well as women’s participation in the labor market.<sup>2</sup>

By dimension, the survey results demonstrate that the dimensions of policy/policy making and research are perceived to be devoting the greatest levels of effort, in the moderate level, towards achievement of the DD. Below these, at the high end of the low-moderate level of effort are the dimensions of services/programs and advocacy. Even further down and ranked last is the dimension of civil society organizations.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the LM sector:

- Create more jobs fast enough to absorb new arrivals into the labor force and ensure that the workers have the competencies and skills for increased productivity.
- Improve policies and institutions for mobilizing domestic savings and investment both local and foreign direct investment.
- Stimulate entrepreneurship and promote sound fiscal and labour policies to create the conditions for the increased working age populations to be more productive.
- Foster economic growth and identify sectors of the economy that can expand and foster job growth to absorb the incoming numbers of youth entering the workforce.
- Invest in sectors with high job-multiplier effects, including ICTs, manufacturing, agriculture and agro-industries in order to generate employment and spur inclusive growth.

Lastly, a multi-dimensional and multisectoral collaboration is crucial to ensure that the LM sector can benefit from and complement the progress and efforts being made in other domains and sectors.



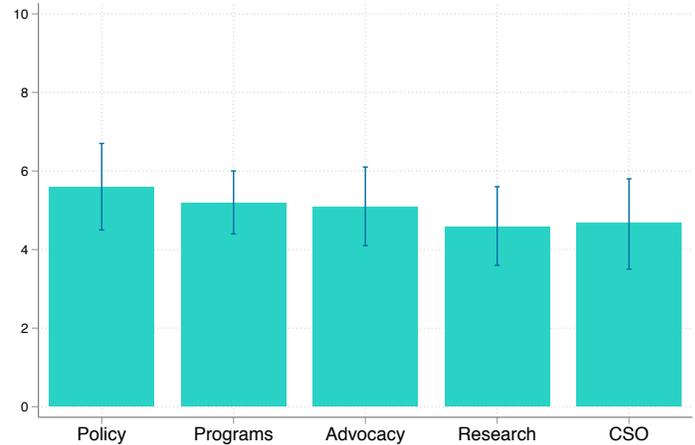
## Governance and Economic Institutions Effort Scores

The GEI sector survey included questions ranging across the five societal dimensions: policies, services and programs, advocacy, research and civil society. Perceived levels of effort within the GEI sector by dimension are presented in Figure 12. The results are based on responses from **9** experts working in the sector of Governance and Economic Institutions in Ethiopia. The scores for each dimension within GEI are as follows:

1. Policies: **5.6** (95% CI: 4.5-6.7)
2. Services/Programs: **5.2** (95% CI: 4.4-6.0)
3. Advocacy: **5.1** (95% CI: 4.1-6.1)
4. Research: **4.6** (95% CI: 3.6-5.6)
5. CSOs: **4.7** (95% CI: 3.5-5.8)

Good governance and strong economic institutions are essential to create an enabling environment to harness the benefits of the DD. The average score for the level of effort in GEI sector is **5.0** (95% CI: 4.1-5.8).

**Figure 12.** Bar chart of DDEI results in the ED sector in Ethiopia, by dimension. (95% Confidence Interval)



## Key Effort Levers in Governance and Economic Institutions

**T**he most cross-cutting sector in the DDEI framework is GEI, which undergirds an essential precondition to ensure that a favorable policy environment is in place for achievement of a DD. Changes within any other sector are not guaranteed without such an environment, so the significance of governance and economic institutions cannot be overstated. Good governance and strong institutions can encourage civil participation and enable policies that will make a favorable policy environment across all economic sectors to benefit from the DD. The multi-sectoral complexity of the demographic dividend poses additional challenges to close the gap between policy design and policy implementation. Political commitment and strong leadership are needed to ensure coordination across all sectors and levels.<sup>2</sup>

By dimension, the survey results demonstrate that the dimensions of policy/policy making, services/programs and advocacy are perceived to be devoting the highest levels of effort – in the moderate range. These are closely followed by the dimensions of civil society organizations and research.

To progress, country stakeholders should consider the following policies to improve efforts toward achievement of the DD in the GEI sector:

- **Promote political goodwill for good governance, accountability, and the rule of law.**
- **Implement zero tolerance policies on corruption and wastage of public resources.**
- **Strengthen the capacity and performance of government institutions, including parliaments, the judiciary, and civil society organizations.**
- **Enact robust labour legislation and supportive policies related to infrastructure development, ease of doing business, entrepreneurial activities and creation of productive employment opportunities.**
- **Eliminate barriers to active participation of the youth in the development process and enhance the empowerment of the youth.**

Lastly, the GEI provide stability to other sectors and high level of efforts in this sector may boost other sectors and may catalyze multisectoral collaborations.

