



Economic and Social Commission for Western Asia (ESCWA)

## REPORT

### EXPERT GROUP MEETING ON THE DEVELOPMENT POLICY IMPLICATIONS OF AGE-STRUCTURAL TRANSITIONS IN THE ARAB COUNTRIES BEIRUT, 13-14 JUNE 2013

#### Summary

The Economic and Social Commission for Western Asia (ESCWA) organized an expert group meeting on the Development Policy Implications of Age-Structural Transitions in the Arab Countries, at the United Nations House in Beirut, on 13 and 14 June 2013.

The meeting was held in the framework of the preparations for the *Population and Development Report, Issue No. 6*, which will focus on the theme of the development policy implications of age-structural transitions in Arab countries. The sessions of the meeting covered the following topics: (a) the age-structural transitions in the Arab countries; (b) the macroeconomic implications of the transitions for these countries; (c) their social implications; (d) their relevance to present and future internationally-agreed development goals; (e) highlights and key conclusions.

This document reviews the meeting discussions and presents the main conclusions of the participants.

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## **Introduction**

1. The Population and Social Development Section of the Economic and Social Commission for Western Asia (ESCWA) organized an expert group meeting on the Development Policy Implications of Age-Structural Transitions in the Arab Countries”, at the United Nations House in Beirut, from 13 and 14 June 2013.
2. The meeting was held in the framework of the preparations for the Population and Development Report, Issue No. 6, which will also focus on the theme of the development policy implications of age-structural transitions in the Arab countries, in recognition of the important age-structural changes underway in these countries and the relative lack of guidance provided for policymakers on how to maximize the development benefits of these changes.
3. The meeting aimed to undertake an expert review of the background papers produced to address the different social and economic impacts of age-structural transitions, and identify priority issues to be included in the Population and Development Report.
4. The sessions of the meeting covered the following topics: (a) the age-structural transitions in the Arab countries; (b) the macroeconomic implications of the transitions for these countries; (c) their social implications; (d) their relevance to present and future internationally-agreed development goals; (e) highlights and key conclusions.

### **I. TOPICS OF DISCUSSION**

5. The meeting was organized in five sessions. The authors of the background papers presented their work, and comments and feedback were provided by participants.

#### **A. AGE-STRUCTURAL TRANSITIONS IN THE ARAB COUNTRIES**

6. The session was chaired by Ms. Karima el-Korri, Chief, Population and Social Development Section, ESCWA.
7. Mr. Ayman Zohry, President of the Egyptian Society for Migration Studies, gave a presentation on age-structural transitions in the Arab countries. He introduced the concept of age-structural transition as a result of decreasing mortality and fertility rates which combine to affect the size and proportion of different age groups in the total population. He noted that there are multiple transitions in Arab countries, namely an increase in the population of children; a youth bulge and an increase in the working-age population; and an increased proportion of older persons.
8. The speaker then focused on three age groups: (a) children aged under 15; (b) people aged 15 to 64; (c) older persons (65+). He noted that age-structural transitions could bring development benefits, both at the youth bulge stage which most Arab countries are currently experiencing, and during the following transition to an increased number of older persons. In contrast to the standard view of older persons as a burden, he underlined the fact that they could actually assist in achieving development. He also highlighted that active policies are required to reap the development benefits of these changes, and that the changing size of each age group also means that different priorities will need to be taken into account when designing policies.
9. The speaker also outlined some of the relevant demographic trends prevalent in the Arab region. He noted that the population size had increased from 76.3 million in 1950 to 357.4 million in 2010 and was projected to reach 632.9 million in 2015. The region’s share in the world population had also increased from 3 per cent in 1950 to 5.4 per cent in 2010. He then discussed demographic trends and showed that the

proportion of children within the population was decreasing and the size of the adult population was growing, a trend which was likely to continue.

10. The speaker went on to discuss the need for new policies to account for the changing proportions of the different age groups in the population. He also noted the need for economic reforms to create job opportunities for the large new cohorts coming into the labour market, and fiscal and financial reforms to ensure sustainable government financing and encourage savings. In addition, he discussed the need for social protection systems and measures to ensure social cohesion in the context of age-structure transitions. Finally, he discussed the importance of ensuring that future internationally-agreed development goals incorporate age-structural changes. He concluded by highlighting the opportunities and challenges created by these changes, and the need for government action to maximize the benefits of this process and minimize the negative impacts.

11. Participants provided their comments on the paper, discussing the issues of the categorization of countries; the need to distinguish between national and subnational demographic trends, such as the differences in fertility between socioeconomic groups and between urban and rural areas; the need to ensure that data are presented in a user-friendly way; and the potential benefits of adopting an intergenerational analysis in showing the different effects of age-structural transitions on different age groups.

#### B. MACROECONOMIC IMPLICATIONS OF AGE-STRUCTURAL TRANSITIONS IN ARAB COUNTRIES

12. The session was chaired by Mr. Khalid Abu Ismail, Chief, Development Policy Section, Economic Development and Globalization Division, ESCWA.

13. Mr. Ahmed Ghoneim, Professor of Economics, Faculty of Economics and Political Sciences, Cairo University, made a presentation on the macroeconomic implications of age-structural transitions in Arab countries. He outlined three main areas where age-structural transitions impact economic policies: (a) the labour market, through changing the size and composition of the labour force; (b) fiscal policies, in terms of changing the tax base and affecting the need to finance different services; (c) financial policies, in terms of encouraging savings. In relation to the labour market effects, he noted the importance of creating jobs for young people to maximize the development benefits of the youth bulge and the growth of the working-age population. He noted the failings of Arab countries in this regard, as many had resorted to using the public sector as a means for absorbing labour market entrants or had relied on emigration to ease labour market pressures. Both strategies were unsustainable in the current context. He also highlighted that women's labour market participation rate was very low. He noted the difficulties associated with creating jobs in the formal sector, caused by rigid labour market regulations. He suggested that solutions to these problems could be found in focusing on maximizing productivity as a priority in labour market reforms, adjusting family-related laws to enable women to work, and reconsidering the role of older persons in the labour market. He also highlighted the important role that micro, small and medium-sized enterprises could play in employment generation.

14. The speaker moved on to discussing the fiscal effects of the changing age structure of the population, noting that the changing demands for public services would reduce costs in some areas, such as education, but might increase them in others, such as health. Indeed, the increase of the size of the population group aged 65 and above might entail more complex health needs, especially where extended family structures broke down. Expenditure patterns of different countries are not likely to follow a single path, especially where the provision of services may serve political purposes in addition to social ones, and policies must thus be responsive to that fact. He outlined the need to maximize revenues from taxes rather than rents, as the latter approach was unsustainable. He suggested that it would be important to widen the tax base and reform expenditure to increase its efficiency and impact.

15. Moving to financial systems, the speaker noted that they were not well developed in Arab countries and do not encourage savings nor channel money to productive activities. Institutions such as stock markets do not exist in some countries and consumer financial products are not well developed, which leads people to invest their money in real estate or commodities such as gold, rather than channelling it to development-related activities. He noted that the reasons underlying these weaknesses were linked to other issues, requiring holistic solutions. He also emphasized the importance of developing financial markets, extending access in particular to women, and widening and reforming pension systems to make them available to a wider portion of the population and financially sustainable. Finally, he discussed the importance of channelling the large volumes of remittances received by Arab countries into development-related activities.

16. Discussions and comments covered a broad range of topics, including the need for regional labour market integration as a means for improving employment prospects; the importance of education and need for technical and vocational training; the changing role of women in Arab countries; the need to complement easing labour market rigidities with social cushioning structures to ensure that reforms do not have a negative effect; the need to reconsider the role of the state in the context of the erosion of extended family structures; the concept of active ageing as a means of valorizing and drawing on the potential benefits of older persons for development; the need to emphasize the responsibility of private sector actors; the relevance of distinguishing between economic and demographic dependency; the spatial stratification caused by the different levels of mobility of different age groups; and the need to integrate political and economic shocks into the analytical framework.

### C. THE SOCIAL IMPLICATIONS OF AGE-STRUCTURAL TRANSITIONS IN ARAB COUNTRIES

17. The session was chaired by Mr. Oussama Safa, First Social Affairs Officer, Social and Participatory Development Section, Social Development Division, ESCWA.

18. Mr. Mohamed Mohieddin, Professor of Sociology, Faculty of Arts, Menoufia University, delivered a presentation on the social implications of age-structural transitions in Arab countries. Mr. Mohieddin began with a discussion of the social provisions in the constitutions of selected Arab countries, showing that these documents stressed the importance of the family, and tended to reflect the traditional role of women in society, that of mothers and wives. The constitutions also tended to stress the importance of social welfare and benefits, with a particular focus on benefits for older persons.

19. Moving to the implementation of these measures, the speaker noted that, in practice, data on social spending in Arab countries was very limited, with benefits being delivered by different entities including the military, making it hard to get a clear picture of the exact state of social service provision in Arab countries. Indeed, this reflects the lack of coherence in social policies in these countries, and the subsequent difficulties in building social protection floors needed for the labour market efficiency. Mr. Mohieddin went on to discuss some of the standard social measures in Arab countries such as food subsidies, noting that while these subsidies benefited the poor, they were nonetheless inefficient and costly, especially in a time of rising food prices. He also noted that many people were forced to pay out-of-pocket expenses for many services, and that others were subject to political manipulation.

20. The speaker then discussed the different needs of specific age groups in terms of social protection. He noted that health, nutrition and access to good quality education were priority social protection needs for children under the age of 15. For youth (aged 15-24), the need was for access to quality secondary and tertiary education and to decent jobs in the formal labour market. In relation to the adult age group (aged 25-64), he noted the importance of ensuring employment and access to quality health services. As for older persons (65+ years), he noted the importance of overcoming health inequities. In addition to these age-specific considerations, the speaker also highlighted the importance of good governance of social protection programmes and the need to promote accountability in them.

21. The speaker also discussed issues related to the changing intergenerational relations engendered by age-structural transitions, particularly the need to dynamically renegotiate power relations in the context of changing family structures. He concluded by noting the importance of developing active labour market policies, confronting the problems faced by young people in the region, ensuring wider access to finance and social protection, promoting and facilitating social dialogue, and implementing schemes in line with good governance principles.

D. AGE-STRUCTURAL TRANSITIONS IN ARAB COUNTRIES AND THEIR RELEVANCE  
TO PRESENT AND FUTURE INTERNATIONALLY-AGREED DEVELOPMENT GOALS

22. The session was chaired by Mr. François Farah, Executive Advisor on the International Conference on Population and Development (ICPD) beyond 2014, United Nations Population Fund (UNFPA)

23. Mr. Khaled el-Sayed Hassan, Senior Data Analyst, United States Naval Medical Research Unit, Cairo, gave a presentation on age-structural transitions in Arab countries and their relevance to present and future internationally-agreed development goals. He discussed the demographic changes underway in the Arab region, noting that they were happening at different speeds, with the least-developed countries (LDCs) in particular being at a much earlier stage of the demographic transition than other Arab countries.

24. The speaker then went on to outline internationally-agreed development goals, with a particular focus on the Millennium Development Goals (MDGs), the World Programme of Action for Youth (WPAY), the Madrid International Plan of Action on Ageing (MIPAA). He noted that MDGs related to child and youth issues were of particular relevance to Arab LDCs, as these groups constituted a large proportion of the population, and that investing in childhood health and education would therefore bring major development benefits. In addition, MDGs acted as an important means of gaining the required international support to deliver the services needed to meet the priorities of the population. However, he highlighted that LDCs were the least likely to achieve MDGs, compared to other Arab countries with more advanced age structures. He noted that WPAY was also relevant as a complementary source of guidance for countries going through the youth bulge stage of the age-structural transition, as it includes issues not covered by MDGs.

25. The speaker ended his presentation by looking to the future, noting the processes underway in the United Nations system to agree on the post-2015 development agenda. He suggested a number of insights that adopting an age-structural transition approach could bring to the future development agenda, including considering the potential of the demographic window of opportunity as an enabler for development and adopting the appropriate policies to take advantage of this potential; the potential that age-structural changes can bring to good governance; the importance of promoting family planning and reproductive health programmes as a means of gender empowerment; and the potential interactions between age-structural transitions and climate change. With these considerations in mind, he recommended that future development agendas, to take advantage of age-structural transitions should focus on education, civil peace, encouraging saving and investment in the population, improving reproductive health services and gender empowerment, and adopting specific policies for countries at different stages of the transitions.

26. The subsequent discussion focused on the findings of the report of the High-Level Panel on the post-2015 Development Agenda and the United Nations Task Team report on “Realizing the Future We Want for All”. It was noted that principles of human rights, equality and sustainability were at the core of these documents, where they had been missing from the original MDG agenda. However, it was also noted that demographic factors were considered as background trends rather than as enabling factors for development. This was recognized as a weakness of the MDG framework, which explained why other, more demographically-focused frameworks had not been supplanted by the MDG agenda. It was agreed that it was important to ensure that population be at the heart of any future development agenda, and that this agenda be comprehensive enough to cover a wide range of countries and to provide a comprehensive vision of development.

27. In addition, the role of demography as a tool to facilitate development planning and service delivery was mentioned, along with the importance of disaggregating data by age, which was mentioned as a means of ensuring that the gains of any future development agenda were shared fairly across groups and to identify groups requiring further attention. The role that social protection systems could play in ensuring inclusive social development in future development agendas was also raised. The need for the empowerment of women to be a central feature in the future development agenda was also raised.

#### E. HIGHLIGHTS AND KEY CONCLUSIONS

28. Participants concluded that the Population and Development Report could play an important role in raising awareness of the need for the Governments of the region to take action to benefit from the demographic window of opportunity. It was also suggested that the responses of the Governments of Jordan and Tunisia could constitute interesting case studies for the final Population and Development Report.

## II. ORGANIZATION OF THE MEETING

### A. VENUE AND DATE

29. The expert group meeting on the Development Policy Implications of Age-Structural Transitions in the Arab Countries was held at the United Nations House in Beirut, on 13 and 14 June 2013.

### B. OPENING

30. Ms. Karima el-Korri, Chief, Population and Social Development Section, ESCWA, welcomed the participants. She presented the expert group meeting as a milestone in the preparation of the Population and Development Report, Issue No.6, which would focus on the development policy implications of age structural transitions in the Arab countries. She explained that this report aims to bridge the gap between the discussion on age-structural transitions from a demographic perspective and the development policy debate. Its objectives include examining the demographic processes underway, but also the implications of these processes for the social and economic development of the Arab countries, and the innovative policies that could be implemented to benefit from these processes.

31. The speaker outlined the process that had led to the current expert group meeting, which had included internal consultations of the different substantive divisions of ESCWA and a consultation of a small group of external experts. She also explained that the papers reviewed during the meeting would be inputs to the Population and Development Report, Issue No.6. She emphasized the importance of drawing from external expertise to review these papers and thanked the participants for their willingness to support ESCWA in this process.

### C. PARTICIPANTS

32. The meeting was attended by 15 participants, including the organizers. Four of the participants were the experts who had drafted inputs to the meeting, while the other participants were experts who provided their comments on these inputs.

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