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## Middle East Demographics to 2030

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According to the United Nations International Children's Emergency Fund (UNICEF) the population of the Middle East and North Africa (MENA: the Arab countries and Iran) will increase from 484 million in 2018 to 581 million in 2030 and 724 million in 2050.<sup>1</sup> (See Table 1) Between 2018 and 2030, the population is forecast rise by almost 1.7 percent annually and between 2030 and 2050 by just over 1.2 percent annually. By far the largest country demographically is Egypt, and its population is forecast to rise by almost 1.8 percent annually between 2018 and 2030 and by almost 1.4 percent annually between 2030 and 2050. This edition of *Iqtisadi* examines the report and its implications.

**Table 1: MENA Population, 2018-2030 (millions)**

	2018	2030	2050
<b>Total</b>	484	581	724
<b>-Egypt</b>	99	120	153
<b>-Iran</b>	82	89	94
<b>-Iraq</b>	39	53	81
<b>-Jordan</b>	10	11	14
<b>-Lebanon</b>	6	5	5
<b>-Palestine</b>	5	7	10
<b>-Saudi Arabia</b>	34	49	45
<b>-Sudan</b>	41	55	80
<b>-Syria</b>	18	27	34
<b>-Yemen</b>	29	37	48

Source: UNICEF 2018

The reported population growth rate will happen despite falling fertility rates. The fertility rate is defined as the number of live births born or likely to be born to a

woman over a specific period (15-49 years). This has been declining for many years largely because of later marriages and increased use of contraception. However, the history of high fertility resulted in an increase in the number of women of reproductive age from 84 million in 2000 to 119 million in 2015, and is forecast to reach 147 million in 2030 and 169 million in 2050. More women will be having fewer children. This process, known as population momentum, will lead to an increase in the number of births even though the average number of births per woman is declining. As a result, the absolute increase in the population is forecast to rise by 5.4 million annually between 2018 and 2030 to 7.2 million annually between 2030 and 2050.

By 2030, half of MENA countries will have total fertility rates at or below replacement level of 2.1 children per mother. By 2050, fertility will be below replacement level in most countries. Significant exceptions are Iraq and Sudan where the rates are forecast at 3.0 births per woman. Health conditions have improved and as a result, life expectancy at birth has risen sharply since the 1950s and is expected to rise further over the coming decades, though at a slower rate. This will contribute to the growth of the population.

In 2000, children, adolescents and youth (0-24 years) accounted for 50 percent or more of the population in most of MENA. By 2050, their share of the population will decline. In 2000, there were 72 million young people aged 15-24 years. Due to falling fertility, their numbers will grow more slowly compared to the rest of the population. In 2015, about 80 million young people were living in the region, and their total number is forecast to reach 100 million in 2030 and 104 million in 2050.

A working age population that is proportionately large compared to the dependent population generates the potential for a demographic dividend and this is what is happening in MENA. In the period to 2040, the dependency ratio will fall as low as 50 dependents (children under 15 years and older people aged 65 and over) for every 100 persons of working age (15-64 years). This temporary age structure could boost economic growth, if appropriate policies encourage investment in the human capital of young people and their absorption into the labor market. Lower dependency ratios can also facilitate progress towards gender equity, as one obstacle to female labor force participation – the role of women and girls in the care economy, looking after the young and the old – is reduced.

In 2021, the youth population will increase by about 1 million and in 2025, by approximately 2 million. The largest annual increases are projected for 2027 and 2028, when the youth population will increase by 2.4 million annually. The absolute number of youths in MENA will continue to increase until 2036, though the rate of increase will decelerate after 2028.

Should young people in MENA complete higher levels of education, most economies in the region are unable to provide enough opportunities for them in the labor market. Seventeen of the 20 MENA countries have youth (age 15-24) labor force participation rates lower than the global average of 45 percent. In more than half of the countries in this region, only one in three or fewer are actively engaged in the labor market; in Jordan it is only one in four and in Saudi Arabia only one in five.

Youth unemployment (15-24 years) in the region is currently the highest in the world, and is a challenge both for those unable to complete formal education and for those with relevant secondary or tertiary qualifications. In 2018, about 29 percent of adolescents and youth in North Africa and 22 percent in the Arab states were unemployed. For female youth, the unemployment rate was even higher, 40 percent in North Africa and 37 percent in the Arab States.

The mismatch between the skills required by the labor market and those of students in the education system in 2019 is a major contributing factor to unemployment, and is as much a problem in higher education as in primary and secondary. Those learners in the region who do make it into the marketplace are often ill-equipped for its demands, with employers reporting a widespread shortage of crucial life skills such as creativity, critical thinking, problem-solving and communication. One reason for this is the lack of social support for, or opportunities to gain, work experience before leaving school. There is also a high degree of dissatisfaction among employers concerning the level of preparedness of those in technical training. According to the Arab Youth Survey, 78 percent of young Arabs are unhappy with the quality of education in their country, and more than half want to pursue higher education in the West.<sup>2</sup>

While MENA's adolescents and youth are finding that their skills do not match those demanded by the market, the market is in turn failing to generate enough jobs to accommodate those who complete school. Jobs in the formal private sector are particularly difficult to attain.

By 2030, the forecast increase in numbers of young people in MENA will lead to an increasing number of students trying to make the transition from school to work. This will increase the pressure on the economy to absorb these labor market entrants. If MENA countries fail to address both the supply of a qualified workforce, through education systems adjusting to labor market requirements, and the demand of the economy, by creating new jobs for these new labor force entrants, unemployment among the region's youth will increase even further. Assuming that the youth unemployment rates of 2015 remain the same until 2030, the total number of unemployed aged 15-24 may increase by 11 per cent by 2030.

By 2030, the countries in the MENA region will have to cope with an increase of 39 million (27 percent) in the number of new entrants to the labor force. In addition, due to rapid technological change and its impact on economic and social life, half of the future jobs do not yet exist. Jobs that today's students will be doing in 2030 have not yet been created. Young people will need to acquire a different set of skills to secure those jobs. Education systems therefore need to nurture the skills demanded by the changing economy, to enable successful transition to the labor market.

Assuming the youth labor force participation follows projection made by the International Labor Office (ILO), the youth labor force, aged 15-24 years, will increase by 2.8 million (12 percent) to 26.6 million between 2015 to 2030. A rise in the labor force participation rate of young women though a reduction of the gender gap by half, by 2030 would lead to an additional 7.1 million youth in the labor force to over 30 million. Closing the gender gap completely by 2030 and assuming the same labor force participation rate for young women as for young men, the youth

labor force would increase from 23.7 million in 2015 to nearly 41 million by 2030. Youth unemployment rates (15-24 years) in the MENA region are currently the highest globally.

Even without taking into account existing economic challenges, rapid technological change and their impact on economies, the labor force and skills, unemployment among youth is projected to increase even further, by 735,000 (11 percent) between 2015 and 2030.

Since the UNICEF report was issued, the ILO has reported some worrying trends. Economic growth in the Arab States reached 2.3 percent in 2018, following a contraction of 0.6 per cent in 2017. Growth should strengthen further in 2019, when it is projected to attain 3.5 percent; it is then expected to slow down again to 2.7 percent in 2020.

Chronic geopolitical uncertainty and armed conflicts continue to inhibit economic activity. The rebound in economic growth is not expected to lead to significant improvements in the labor market. Employment growth is estimated to have declined from 2.9 percent in 2017 to 2.4 percent in 2018 and it is projected to remain at this lower level over the near future. Most of the slowdown in job creation rates can be attributed to developments in non-GCC countries, where employment growth in 2018 was estimated to have decreased by a percentage point since the 2017. However, it is precisely in this group of countries that employment growth should pick up in the years to 2020, whereas it is projected to decelerate in GCC economies. The regional unemployment rate is projected to remain stable at 7.3 per cent in the years 2018–20. The unemployment rate in non-GCC countries, which stood at 10.8 per cent in 2018, should remain more than double the rate in GCC countries. Although there are some signs of a return to normality, the labor market situation in non-GCC countries continues to be critical, with conflicts and security risks undermining socio-economic development.

Labor market trends are greatly influenced by migration. Arab States stand out as the region with the largest proportion of migrant workers, who account for 41 percent of total employment compared with a global average of 4.7 percent. This share is even larger the GCC, where on average over half of all workers are migrants. They account for three-quarters or more of all private sector employees. In addition, in 2017, migrant workers had a much higher labor force participation rate (75.4 percent) than natives (42.2 percent). With economic growth set to decelerate considerably compared with earlier periods, promoting the expansion and diversification of the non-oil private sector remains a key challenge if new labor market opportunities are to be created in the Arab States. Bahrain and Saudi Arabia, have taken steps to encourage the development of private sector jobs in non-oil segments of the economy, while also trying to encourage the hiring of nationals, especially young people and women.

In the short-term, the prospects of labor market conditions improving for both women and young people are limited. Women in the region continue to face worse labor market conditions than men. In 2018, the unemployment rate among women was 15.6 percent, almost triple the male rate (5.7 percent). This means that women account for almost one third of the unemployed in the Arab States, even though their

labor market participation rate, at around 18 percent in 2018, is almost 30 percentage points below the global average. It is unlikely that gender disparities in the labor market will narrow in the near future. In fact, the gender gap in the unemployment rate, which stood at over 10 percentage points in 2018, is expected to widen by 2020. Like women, young people (ages 15–24) in the region are also disproportionately affected by unemployment. At 20.1 percent in 2018, the regional youth unemployment rate is four times higher than the adult rate. As with the adult population, there are also considerable gender gaps in unemployment among young people. In particular, the unemployment rate among young women in 2018 (34.4 percent) was twice as high as the rate for young men.

Even though most of the countries in the Arab States region have introduced social security programs over the last decade, the scope of legal social security coverage remains low, especially among women: only 34.8 percent of women are covered, against the coverage of 45.9 percent for the population as a whole). Furthermore, the refugee crisis and political instability in many non-GCC countries, together with fiscal consolidation efforts in GCC countries, are having a negative impact on the region's weak social protection institutions, resulting in greater vulnerability and poverty.

While poverty among those employed has been virtually eradicated in GCC countries, in non-GCC countries the share of workers in extreme and moderate working poverty remains high and even continues to rise. Over 33 percent (or 8.3 million) of workers in non-GCC countries were estimated to be living in extreme or moderate poverty in 2018.<sup>3</sup> This poses the most serious threat to social and political stability.

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<sup>1</sup> UNICEF, "[MENA Generation 2030](#)", April 2019.

<sup>2</sup> Asda'a-bwc, "[A Call for Reform: 11<sup>th</sup> ASDA'A BWC Arab Youth Survey 2019](#)," Asda-bwc.com.

<sup>3</sup> International Labour Organization, "[World Employment Social Outlook-Trends 2019](#)," Released February 13, 2019