

Population ageing and inter-generational relation in the MENA: what role for social policy?

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Abstract: Declining fertility and rising life expectancy combined with migration are changing the demographic landscape of the MENA. Earlier high fertility however will ensure a growing population in the next 20-30 years. Family structure is also changing, it is becoming smaller and of nuclear type. The region has to manage a young age structure and a gradual ageing of population but with a potentially weaker traditional inter-generational support based on family, and varying and heterogeneous resource base and socio-economic structure of different countries. To maintain and improve inter-generational support within family and society in the MENA countries with large populations (such as Iran and Egypt) the most important challenges are poverty and vulnerability, unemployment, and development of long term plans for an ageing population. These are inter-connected objectives since reducing poverty and increasing current employment could provide individual and families with some resources to save and accumulate for old age. States in the region should put redistributive social policies in the areas of health, education and housing at the heart of a strategy of not only supporting family budget and resources to assist them in their inter-generational care, but also set up care and pension schemes for societal inter-generational support.

Keywords: Demographic transition, population ageing, inter-generational support, MENA, social policy.

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1. Introduction¹

The demographic landscape of the MENA region has been going through fundamental changes in the past few decades with very important implications for the economic and polity of the region. The main drivers of this demographic change have been declining fertility and migration. Earlier high fertility rates led to growth in the ‘youth bulge’ (the percentage of those of 15-24 years of age in population) in early 21st century that

has since been on a declining trend, yet the number of young people is projected to increase in most MENA countries. But in Algeria, Iran and Tunisia the number of young people is projected to decrease. (Assaad and Roudi-Fahimi, 2007) All in all the gradual decline of fertility in the MENA is inevitably leading to population ageing. Another major demographic development in the region has been large-scale migrations both within and from outside the region, mostly in response to imbalances in the MENA labour markets.

Demographic transition provides predictable and important challenges to the economic and polity of a country. Decline in fertility and the gradual increase in the working age population opens a demographic window – availability of a young labour force – that if complemented by job creating investment could put the country on a self-sustaining path of economic

¹ This paper draws on author’s earlier works on population ageing (Messkoub, 1999), employment and poverty in the MENA (Messkoub, 2009), and ageing and inter-generational relationship (Messkoub, 2013). The author is grateful to three anonymous referees and the editors of the journal for their comments on an earlier draft. The remaining errors are, alas, mine!

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1 growth and prosperity. This has been the experience
2 of many of the newly industrialised countries in Asia
3 and Latin America. On the other hand the gradual
4 increase in the number and share of the elderly
5 population will create new demands on the society.
6 Whilst the resource base of a country is the starting
7 point of any analysis of the long-term impact of the
8 demographic transition, it is social and economic
9 structure combined with the state policy and civil
10 society engagement that determines how any society
11 would meet the challenges of demographic transition.

12 These challenges are intrinsically inter-sectoral,
13 both in terms of economic sectors of agriculture,
14 industry and services as well as social sectors of
15 health, social protection and care of the elderly. For a
16 comprehensive approach we need to take note of the
17 inter-sectoral issues, which would also help with the
18 cost, and efficiency of service delivery and support to
19 the target groups.

20 The backdrop to the changing demography of
21 MENA is the complex set of countries in the region
22 that have to develop social and economic policies
23 in the next 30 years if they were to be prepared for
24 the challenges of population ageing, migration and
25 intergenerational support.

26 This paper is concerned with the social and
27 economic implications of main demographic
28 developments in the region focusing on social policy
29 issues such as support for an increasing number
30 of older people, inter-generational support and
31 relationships which is contingent on household
32 resources and gainful employment of the younger
33 working age population; and social protection of the
34 poor and vulnerable since poverty affects both the
35 elderly and households who are expected to provide
36 some care for them.

37 Such policies have to take note of the differing
38 resource base of the MENA countries and the speed
39 with which demographic changes are taking place
40 and how certain developments like fertility decline
41 are becoming a structural feature of the region, whilst
42 other developments like international migration are
43 market driven and could be subject to fast moving
44 policy changes.

45 **2. Demographic transition and** 46 **population ageing in the MENA** 47

48 The experience of demographic transition varies
49 across the region, with different countries being at
50
51

different stages of their transition. Earlier mortality
decline followed by fertility decline have led to a
gradual decline in the rate of population growth in the
region that however varies across countries. (Roudi-
Fahimi and Mederios, 2007) Yet earlier high growth
of population has resulted in a young age structure
(those in 15-24 age group constitute about 20 per
cent of population in the region) that has ensured a
growing population despite a declining fertility rate
across the region. By 2050 most countries in the region
are forecast to have anywhere between 1.3 to 1.7 times
more people than in 2007. Life expectancy in most
countries in the region has also increased and ranges
between 70 and 73 years. (UN, 2013) The median
age is increasing from 25 years in 2015 to 32 years in
2050 in the North African countries of MENA with the
corresponding figures for the MENA countries located
in the Western Asia being 29 and 37 (see Table 1).

At the same time we should expect an increase
in the number of the elderly (those of 60 years of age
and over) as well as an increase in their share in the
population. Most recent UN population projections
estimates that number of elderly will increase from
18 million in 2015 to 59 million in 2050 in the North
Africa MENA countries and from 24 million to 96
million in the Western Asia MENA. (Ibid.) To complete
the trends in ageing let us take a snap shot view of the
percentage of elderly in total population in the region.
Figure 1 shows that the percentage of the elderly in
total population is increasing in the MENA region. In
the North African MENA countries the percentage of
elderly increases from 8 in 2015 to 16.7 in 2050, whilst
in the Asian MENA countries the increase is from 5.4 in
2015 to 19.0 in 2050. In general, the richer the country
the higher the percentage of the projected the elderly
in total population. It is important to note that by
2050 the age structure of the richer MENA countries
resembles those experienced currently by the highly
developed countries which started their demographic
transition earlier, at higher level of economic
development and with more developed welfare and
health policies. However, the MENA countries do have
time on their side to develop the necessary welfare
infrastructure in support of their elderly population in
the future.

Changes to family formation and migration are
the other notable demographic developments in the
region. The age at first marriage has increased and so
has the use of modern contraceptives that has led to a
reduction in family size. The age at first marriage has
increased in most MENA countries from 18-21 years

Table 1. Population 60 years of age and over and Median Age, MENA region, 2015 and Projections 2030, 2050 (Source: Author's compilation based on UN (2015). Table A.III.1, p. 122.)

Country/ Region	Population age 60 & over (,000)			Percentage aged 60 & over			Median Age (years)		
	2015	2030	2050	2015	2030	2050	2015	2030	2050
<i>Northern Africa</i>	17,992	30,792	59,066	8.1	10.9	16.7	25.1	27.7	32.2
Algeria	3,573	6,413	12,988	9.0	13.3	23.0	27.6	31.9	37.1
Egypt	7,238	11,593	23,045	7.9	9.9	15.3	24.7	26.5	31.0
Libya	439	894	1,823	7.0	12.0	21.8	27.5	31.8	38.4
Morocco	3,317	6,012	10,239	9.6	15.1	23.4	28.0	33.1	38.6
Sudan	2,081	3,633	7,406	5.2	6.4	9.2	19.4	22.3	26.2
Tunisia	1,314	2,247	3,565	11.7	17.7	26.5	31.2	36.5	40.4
<i>Asia</i>	24,395	46,235	95,766	7.6	11.8	20.4	26.3	30.7	36.6
Iran	6,502	12,745	28,754	8.2	14.4	31.2	29.5	38.3	44.7
Bahrain	53	178	432	3.9	10.8	23.7	30.3	35.6	42.2
Iraq	1,817	3,162	7,402	5.0	5.8	8.8	19.3	21.1	24.3
Israel	1,278	1,808	2,758	15.8	18.1	21.9	30.3	31.8	35.2
Jordan	414	782	1,853	5.4	8.6	15.8	22.5	26.3	32.4
Kuwait	133	442	1,188	3.4	8.9	20.1	31.0	33.9	37.8
Lebanon	670	1,014	1,726	11.5	19.2	30.8	28.5	37.6	46.8
Oman	196	494	1,434	4.4	9.4	24.5	29.0	34.2	40.1
Qatar	51	221	633	2.3	7.9	19.8	30.7	34.0	41.0
Saudi Arabia	1,582	4,324	9,610	5.0	11.1	20.9	28.3	32.3	38.2
Palestine	211	421	1,014	4.5	6.2	10.4	19.3	22.3	27.4
Syria	1,191	2,556	5,740	6.4	8.9	16.4	20.8	27.2	33.7
Turkey	8,828	14,911	25,530	11.2	17.0	26.6	29.8	35.2	41.8
UAE	215	1,238	3,004	2.3	11.3	23.5	33.3	36.6	43.4
Yemen	1,254	1,939	4,688	4.7	5.3	9.9	19.3	23.0	29.6

Note: Median ages for Asia are our calculations based on geometric means.

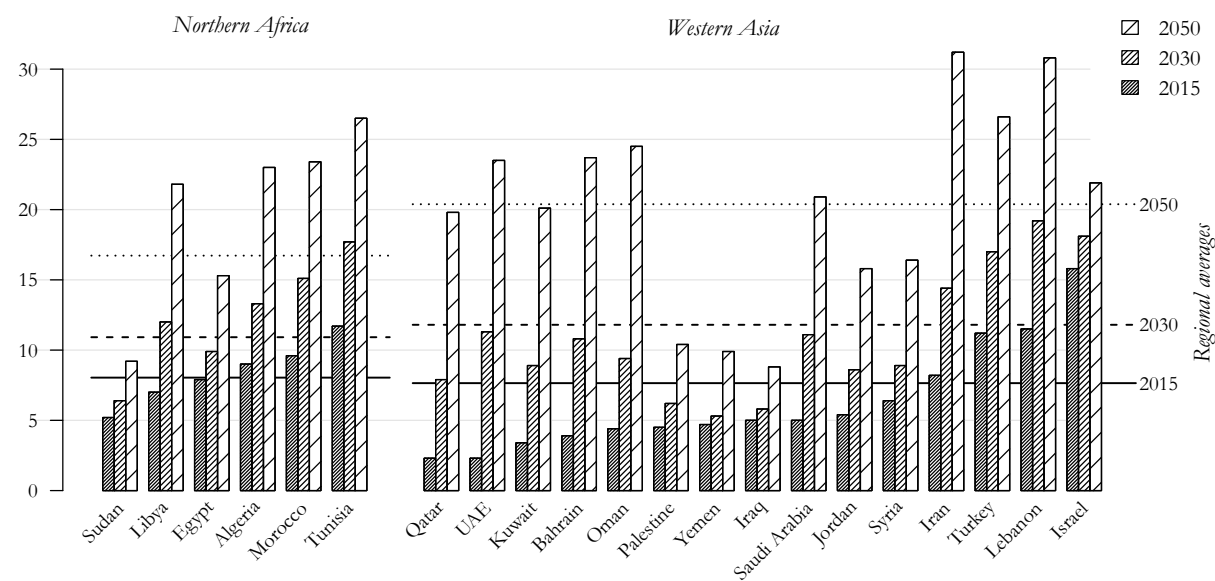


Figure 1. Percentage of population 60 years and over in total population, 2015, 2030 and 2050 in the MENA region. (Source: Table 1.)

in the 1970s to 22-25 by the late 2000. Another factor affecting fertility is that a large number of women are postponing marriage to their late 30s. (Roudi-Fahimi and Mederios, 2007, EU,2017) The increase in the average age and postponing of marriage has been attributed to the rise in the level of education of women, their autonomy and agency, as well as the rising cost of setting up a home, due to the property price inflation, high unemployment among the young people and high incidence of poverty among the working population. (Ibid.)

Family size in the region has decreased to 5.4 in urban and 6.1 in rural areas. Several factors may well account for this. The decrease in family size is associated with the increase in the education of the head of family. Moreover, family size is even smaller in nuclear families – 4.7 persons per nuclear family. Nuclear families comprise 85 per cent of all families in the region. A further development is the number of children per family. In urban areas there are 2.4 children per family and in rural areas 3, that again declines with the increase in the education of the head of family. In the foreseeable future the family size is going to be stable given the combined effects of declining mortality and fertility moving in the opposite direction. (See Table 2) These developments combined with the rising age of marriage and high youth unemployment ensures that there would be more adults at home, resulting in a stable dependency ratio. (Bongaart, 2001)

These changes are in line with the developments in other parts of the world. The trend towards smaller families in developing regions follows the pattern observed in the developed countries in the 19th century, that has been attributed to adoption of some older methods family planning, urbanization (associated

with lower fertility and mortality over time), ‘modernisation’ of life style and the move towards nuclear families, and above all the development of capitalism and its associated work patterns and family formation. (Bongaart, 2001, and Seccombe, 1983)

As far as migration is concerned, its size and direction crucially depends on the resource base of country and labour market conditions. The main direction of migration has been from poor MENA countries, the Indian sub-continent and the Far East to the rich MENA countries. In the MENA region as elsewhere in the world, national and international migration has always been part of the household strategy to improve the life chances of its members. Table 3 provides a snap shot view of migration in MENA. MENA countries can be divided into several groups based on their natural and human resources. (Cammett, et al., 2015) Almost all poor and labour abundant countries have sent large number of migrants to other countries, as indicated by the negative net migration figures. The reverse is true for labour deficit countries that have recorded positive net migration.

In concluding this section several observations are in order. Demographic changes are taking place in the MENA region at a very fast pace – families are getting smaller, more families are of nuclear type, and less children are borne. In resource poor, labour abundant countries poverty is a major problem for a large section of population. Migration has been an important part of family and individual strategy to cope with poverty and improving life chances for the family and individual.

The question is how these developments are going to affect the care and support of an ageing population. The answer lies in the balance between inter-

Table 2. Family size and number of children in developing regions by area of residence and education of head of family. (1980s)

		Residence		Head of family Education		
		Urban	Rural	None	Primary	Secondary
Family Size	Asia	4.9	5.4	5.2	5.2	5.2
	L. America	4.6	5.0	4.7	5	4.4
	Near E./N.Africa	5.4	6.1	5.9	5.7	5.0
	S.S. Africa	5.1	5.3	5.2	5.3	5.0
Number of Children	Asia	2.0	2.5	2.2	2.2	2.3
	L. America	1.9	2.5	2.1	2.3	1.9
	Near E./N. Africa	2.4	3.0	2.8	2.8	2.3
	S.S. Africa	2.5	2.8	2.7	2.8	2.5

Source: Adapted from Bongaarts (2001), table 4.

generational support in terms of the demographic balance between generation within the family and society at large, and inter-generational support through the sharing and distribution of resources within family and society. In the final analysis it is the availability and distribution of resources within the family and in the society that determine how a society can manage demographic ageing.

Table 3. Net migration in MENA, 1995-2010.

Country	1995-2000	2000-2005	2005-2010
Bahrain	19	25	448
Iran	687	126	- 186
Iraq	- 18	- 580	- 150
Israel	245	103	274
Jordan	- 188	- 94	203
Kuwait	125	162	278
Lebanon	0	100	- 13
Palestine	70	- 190	- 90
Oman	- 229	- 50	153
Qatar	43	170	857
Saudi Arabia	- 877	1 726	1 056
Syria	- 130	548	- 56
Turkey	- 150	- 100	- 50
UAE	469	780	3 077
Yemen	- 100	- 100	- 135
Northern Africa	-1 862	-1 667	-1 020
Algeria	- 140	- 140	- 140
Egypt	- 946	- 371	- 347
Libya	- 20	- 20	- 20
Morocco	- 500	- 614	- 675
Sudan	- 227	- 532	135
Tunisia	- 56	- 81	- 20
Western Sahara	27	90	48

Source: Adapted from: UN (2013) *World Population Prospects: The 2010 Revision*. New York: UN Population Division.

3. Ageing and family: poverty and vulnerability

Welfare in old age is based on combination of own resources – income from labour, assets (including own pension savings such as life insurance and annuity), family support in kind and in cash and institutional support from the state and employers in the form of state and work-based pensions, health

cover and other benefits. The relative contribution of the above sources varies greatly in the MENA region, where family still is the main source of support for the majority of the elderly.

But do families have the resources to look after their older members? The simple answer is that they do not have sufficient resources, but continue to do so out of familial and humanitarian solidarity at a cost to themselves. Family support is becoming particularly taxing where as noted in the previous section family size is decreasing. Moreover, many families in the resource poor, labour abundant countries are too poor to comfortably manage the care of their elder members. The situation is no better among the poor in the resource rich MENA countries. The evidence comes from data on poverty and vulnerability.

The heterogeneity of the MENA is also reflected in the incidence of poverty and vulnerability in different countries. Using the headcount poverty measure of a-dollar-a-day (or more) poverty is rife in the labour abundant and resource poor countries. But poverty is also present in the large resource rich and industrializing countries of Iran and Algeria (Iqbal, 2005, Meskoub, 2008). The incidence of poverty however is very sensitive to the head count poverty rate. For example in Egypt it increases from less than 5 per cent of population at a-dollar-a-day to above 40 per cent at two-dollar-a-day. (Iqbal, 2005, p. 18) More recent data from other MENA countries also support the sensitivity of poverty to head count poverty rate. The World Bank data reveals that the percentage of people below poverty line increases dramatically from below 3 per cent at \$1.90 a day in Morocco and Tunisia to around 15 and 8 per cent, respectively, at \$3.10 a day. (World Bank, 2015) The other aspect of poverty is its regional spread. In all countries referred to in Iqbal's (2005) study, rural headcount poverty rates are higher in rural areas than in urban areas.

What these figures demonstrate is that a simple focus on head count poverty rates misses millions who are above the poverty line and very vulnerable to small shocks to their meager resource base. This suggests that some indicator of vulnerability should complement traditional headcount poverty rates when it comes to the assessment of inter-generational support and social policy design. Social policy measures in the MENA region in support of the elderly have to be focused on vulnerability of population rather than just on the poor.

An important aspect of vulnerability is low return to labour and precarious employment conditions.

1 Employment as a major source of family income
 2 has come under great stress in recent years. In 2010,
 3 unemployment in the MENA region was about 10
 4 per cent and the figure for women was 15 per cent.
 5 Youth unemployment is high in the region. In 2010, it
 6 stood at 27 per cent, with the figure being even higher
 7 among the educated youth. Female unemployment,
 8 in particular among the educated, is quite high: 40
 9 per cent. Youth unemployment is not confined to
 10 the MENA region and many countries in Europe have
 11 record figures since the financial crisis of 2009. For
 12 example, Spain registered a youth unemployment
 13 rate of 46 per cent in 2012, Greece, 42 per cent and
 14 Cyprus 20 per cent. (ILO, 2012) But the distinguishing
 15 characteristic of youth unemployment in MENA is
 16 the fact that it has been high well before the financial
 17 crisis and is a structural feature of the labour market
 18 in the region. Job creation has hardly kept pace with a
 19 rising youth population as they enter the labour force.
 20 (Messkoub, 2009, Dhillon and Yousef, 2009, Sayer and
 21 Yousef, 2016) Both public and private sectors have
 22 been unable to create sufficient jobs for the growing
 23 number of youth entering the labour market, that
 24 most recent studies argue are due to the mismatch
 25 between demands for and supply of skilled labour as
 26 well as labour market regulations. (Sayer and Yousef,
 27 2016) These studies call, inter alia, for changes in the
 28 educational systems that put more value on acquisition
 29 of credentials/degrees than skill development, whilst
 30 reforming labour market regulations in order to
 31 facilitate hiring rather than just making it easier to
 32 lay people off, and by providing incentive structure to
 33 boost demand for labour by the private sector. (Ibid.,)
 34 However, such reforms take time to implement whilst
 35 there are the pressing needs of the poor unemployed
 36 people and the working poor.

37 In absence of no or very meager unemployment
 38 benefit in most MENA countries poor people cannot
 39 'afford' to be unemployed. The working poor are
 40 a sizable proportion of the working population. In
 41 late 1990s working poor accounted for 12 per cent of
 42 working population in Tunisia, with the figure rising
 43 to 30 per cent in Algeria, and staggering figures of 71
 44 per cent in Egypt and 74 per cent in Yemen. (See table
 45 4) The reasons for why people remain poor despite
 46 their hard work are varied and complex. Unequal
 47 distribution of assets and power play an important
 48 role in holding back the working poor from claiming
 49 their just and fair share of what they produce. Many
 50 small farmers do not have access to sufficient land or
 51 other agricultural inputs to improve their productivity.

The self-employed people in urban areas often lack
 the resources to expand and improve their operations.
 In short low productivity is at the heart of low return
 to labour in many sectors. At the same time weak
 trade unions and poor implementation of labour laws
 do not empower workers to ask for higher wages and
 better conditions. Absence of or low minimum wage
 is another reason for the low return to labour in many
 countries.

Table 4. Working Poor as a proportion of working population in
 selected MENA countries (late 1990s)

Country	Working Poor %
Yemen	74
Egypt	71
Algeria	30
Morocco	23
Jordan	13
Tunisia	12

Source: ILO (2012)

The importance of employment and secure return
 to labour (whether it is termed a decent wage or
 a living income) cannot be over-estimated. What
 is needed above all is an employment policy that
 puts the emphasis on strengthening the growth-
 employment nexus by promoting job creation and
 improving the access of the poor to such jobs. At the
 same time more targeted poverty reduction policies
 are needed that should not only improve the income
 earning opportunities of the poor but also raise their
 incomes. Anti-poverty policies should also be put in
 place to provide support for a large number of people
 who are just above poverty line and thus vulnerable
 to poverty in case of minor deterioration in the
 macroeconomic conditions or their poverty stricken
 household economy. MENA countries that have been
 successful in tackling poverty and vulnerability
 have relied on a range of policies: macroeconomic
 stability, pro-poor short-term employment policies
 (through labour intensive public work projects and
 by focusing on sectors where poor are concentrated)
 and improving opportunities for the poor in order
 that they would benefit from employment growth
 (improving 'inerrability' of the poor).² These countries

² For a detailed discussion of the 'growth-poverty-nexus' see
 Messkoub (2009)

1 have also improved the health, education, housing
2 and sanitary conditions of the poor by increasing
3 social expenditure, and by putting in place income
4 support measures and maintaining subsidies on
5 goods consumed by the poor. Finally successful
6 anti-poverty policies have also improved the poor's
7 access to financial (through micro finance) and other
8 productive resources such as land.

9 But it is the structural reasons for low return
10 to labour that should be of most concern to policy
11 makers. Unequal distribution of land, low skills, low
12 capital investment, inefficient and often outdated
13 technology will all lead to low productivity and low
14 return. The financial and banking sector is also not
15 geared to the needs of the small producers and the self-
16 employed poor people. The micro-credit 'revolution'
17 that was supposed to fill this gap has hardly changed
18 the fortune of the great majority of the poor. What
19 is needed is to tackle the problems of unequal
20 distribution of power and assets that requires some
21 fundamental political changes and more commitment
22 by the state to improve education and skill levels as
23 well as helping to upgrade technology in agriculture
24 and industry.

25 It should be clear that most families do not have
26 adequate resources to meet their needs and provide
27 adequate inter-generational support. Given the
28 chronic and structural poverty in the labour abundant
29 and resource poor countries inter-generational
30 support has to go beyond families and take the broader
31 perspective of societal inter-generational relations.
32 In the labour deficit and resource rich countries the
33 issue of inter-generational support within families
34 poses several problems that again calls for a societal
35 approach to inter-generational relationship. The first
36 is the issue of income inequality in these countries.
37 Only the small and very rich oil and gas producing
38 countries can maintain sufficiently high-income
39 transfers to, as well as providing high level of health
40 and educational services, for their nationals to ensure
41 adequate inter-generational support by families. In
42 most of the larger oil exporting countries (e.g. Iran
43 and Algeria) inequality in the distribution of income
44 and assets, unemployment and inadequate public
45 services have for long been the main reasons for
46 public discontent.

47 Lack of or inadequate democratic structure and
48 governance to ensure accountability, participation and
49 transparency have also seriously limited the voice and
50 the negotiating power of the majority of population
51 in MENA. Finally, there is the all important issue of

the rights of international migrants who have been of
critical importance to the economy of labour deficit
countries, and would become even more important
in the future as population ages in these countries. It
is no exaggeration to state that the inter-generational
support in areas of health, education, housing and
care, to name but a few, in labour deficit countries
cannot be maintained without the availability of
migrant labour. It is in this context that we turn to
societal inter-generational support and social policy.

4. Social policy, families and inter-generational support

At micro-level family is the main channel through
which various types of inter-generational support
are provided, that contributes to production and
re-production of labour at micro and macro levels.
Families however are not homogenous and are divided
along social and economic lines that determine their
capacity to provide inter-generational support. As
noted earlier given the high incidence of poverty in
many of the MENA countries and inadequacy of family
resources there is a need for social policy measures
that would supplement family resources and support
the broad developmental agenda and ensure societal
inter-generational support.

The most basic objective of any state intervention
is to maintain and increase families' resource base. In
this context state intervention for inter-generational
support could be linked to market for: goods (e.g.
provision of necessities such as health, education,
housing and basic food stuff), labour (e.g. job creation
and labour issues) and money (e.g. provision of credit
for businesses).

More specifically family budget constraint will
be improved by first de-commodifying (through
regulation and intervention in the market) the
basic necessities of life. De-commodification does
not necessarily mean free provision of goods and
services. It could take different forms like rent control,
subsidized medicine and staple food, free primary

1 schools, free vaccination, etc.³ Second, by improving
2 the human capital of family through improved health
3 and education, employability and income earning
4 opportunities of families will increase. Third, by
5 maintaining labour demand through job creation by
6 private and public sector and increasing labour force
7 participation of women families will have more secure
8 earning opportunities through employment.

9 Implementing the above policies would depend
10 on the resource base of different countries. The
11 resource rich and labour short countries obviously
12 have an advantage over the others by having large
13 foreign exchange reserves and no financial constraint
14 to finance universal welfare programmes. The issue of
15 inter-generational support is not a problem, neither
16 at family nor at national level for these countries.
17 Despite the existence of some youth unemployment in
18 these countries, family resources and state spending
19 are sufficient to maintain good standard of living for
20 the young. But problems of these countries is rooted
21 in their demography – they are short of labour to
22 maintain and develop their economies almost in all
23 sectors and skill levels, a gap that is filled by immigrant
24 labour. With investment in education and skills in
25 these countries, it is hoped that the shortage of skilled
26 labour may somewhat be lessened but in other areas
27 labour shortages will continue, particularly in the
28 care, construction and service sector. It would also be
29 expected that demographic transition and population
30 ageing will increase the need for inter-generational
31 support, that with the most likely increase in the
32 labour force participation of women, would generate a
33 demand for migrant labour. In short inter-generational
34 support in resource rich, labour deficit countries will
35 require a stable and steady flow of migrants.

36 Whether this demand for migrant labour will
37 be fulfilled depends on the demographic situation
38 and economic development in the labour abundant
39 MENA and the Asian countries (e.g. Bangladesh,
40 Nepal, India, Philippines) that have been sending
41 migrants to the MENA region for decades. However,
42 demographic transition is already underway in many
43 of the emigration countries that if combined with their

45 ³ De-commodification however has to be put in the context of
46 the existing subsidies some of which like those to fuel and ener-
47 gy may well benefit the higher income groups. There are also
48 implicit subsidies low exchange rate and low interest rates that
49 again could benefit higher income groups more than others. The
50 reform of such subsidy structure has to be combined with de-
51 commodification/subsidy structure that would benefit the lower
income groups.

steady economic development would increase the
demand for labour and improve pay and conditions.
That in turn would lower the propensity to migrate to
the labour deficit MENA countries. To ensure a steady
flow, the migrant receiving countries have to change
their migration policy that would not only improve
pay and conditions for the low skill migrants but
also introduce some flexibility in the labour market.
The current 'guardianship' ('kefalat') system that ties
the immigrant to the sponsoring or 'guardian' ('kafil')
employer has led to labour market segmentation
(defined as a market divided by non-competing
groups) in labour deficit countries, where citizens
and nationals as well as high skilled migrant workers
have far more rights and enjoy better living standards
than the low skilled migrants working in construction,
service and other sectors.

What is needed is an integrated labour market
where labour law and rights could be applied to all
in order to improve pay and conditions of immigrant
labour. This would improve the flexibility in the
labour market and stabilise the migrant labour and
bring the labour deficit countries closer to some of the
best practices in other countries. Moreover, the labour
deficit countries should also plan for permanent
immigration in order to solve their long-term labour
imbalance. It is highly unlikely that the labour deficit
countries can close the gap between their labour
demand and national labour supply in the near
future considering their demographics. One of the
best policies in the area of immigration is admitting
migrants on the basis of skill shortages that would give
the right to enter and reside temporarily that could in
due course lead to long-term residency.

The next group of countries to consider is resource
rich and labour abundant countries. These countries
have experienced improved human development for
their nationals through basic programme in the areas
of health, education, subsidized food, etc. The scope
and scale of such provisions, however, vary greatly
across different countries, that is dependent on high
oil prices. Ensuring that families can fulfill their
inter-generational support in resource rich labour
abundant countries governments have to maintain
the real income of families by controlling inflation
and cost of two major items of expenditure – housing
and curative health care. This calls for prudent
expenditure of the oil money in the country to avoid
inflationary pressure, and partial de-commodification
of health and housing. Another major concern in the
medium term is high youth unemployment in these

1 countries that requires active job creation policies,
2 involving both public and private sector.

3 Resource poor and labour abundant countries
4 face many more hurdles than the other groups.
5 Their human development varies greatly across
6 social classes, with the richer classes enjoying better
7 standard of living and higher human development.
8 These countries face chronic foreign exchange
9 constraints and fiscal problems that would limit their
10 policy space to carry out much needed social policy
11 measures in areas of health and education. Like
12 elsewhere in the MENA region, they also suffer from
13 high youth unemployment. How have families in
14 these countries coped with their low living standards,
15 poverty and vulnerability?

16 As noted earlier, migration to richer countries
17 in the region and beyond has helped to improve
18 living standards for migrant sending families.
19 Remittances have been an important contributor to
20 family income and a source of foreign exchange for
21 the government. Considering the level of poverty and
22 high unemployment in the migrant sending countries
23 families have limited scope for inter-generational
24 support, without relying on state subsidies to basic
25 foodstuff, education and health. Social policy
26 measures in these countries to ensure family based
27 and societal inter-generational support are no
28 different from the resource rich and labour abundant
29 countries, except that their needs are bigger and their
30 finances more limited.

31 However, states could still do a lot in the
32 resource poor countries by focusing on some key
33 areas like universal and free preventive and primary
34 health care, as well as school level education, and
35 de-commodification through intervention in the
36 market for curative health care, housing and higher
37 education.

38 Job creation and job protection should also be on
39 the agenda. Whilst state in the resource poor countries
40 have a lot less economic power than in the resource
41 rich countries, they nevertheless can contribute to
42 job creation by providing support to the private sector
43 through appropriate tax and subsidy policies, and by
44 training and educating the work force to meet the skill
45 needs of the private sector.

46 An important legacy of the MENA is the
47 historical, cultural and linguistic links in the region.
48 For centuries and well before the emergence of the
49 nation state, people in the MENA region interacted
50 through trade and migration. Common religions and
51 languages should also help to bring the MENA region

together. These links do give a regional dimension to
the issue of inter-generational support. Migration and
remittance flows demonstrate that inter-generational
support already relies on regional economic linkages.

Yet, by all accounts, the region is very poorly
integrated. Regional trade accounts for less than 10
percent of total trade in the Arab MENA, with the
Maghreb countries having the lowest share of intra-
regional non-oil merchandise trade. Low regional
integration, according some studies, has led to the
potential loss of 1-2 per cent growth of GDP. Higher
GDP growth is particularly important for creating jobs
for the 20 million or so unemployed people in the
region and for the new comers who enter the labour
market at an annual rate of 3.4 per cent. (World Bank,
2013, see also Hakimian and Nugent, 2004)

Strengthening existing regional links in relation
to migration and labour mobility could contribute to
inter-generational support. This could be helped by
the integration of labour market across the region,
initially by reducing regulation in hiring non-
nationals, and by de-politicising migration of labour.
The future generations are going to live in the same
region and regional economic cooperation is needed if
inter-generational support were to continue.

5. Conclusion

Demographic map of the MENA is changing fast.
The region is in the early stages of a demographic
transition. On the one hand earlier high fertility has
resulted in the current youth bulge. On the other,
gradual fertility decline and lower mortality is leading
to an ageing population. A youth bulge provides the
region with a demographic window if the young and
increasingly educated labour force of MENA were
to be utilized productively. The current high youth
unemployment in the region reveals that job creation
and labour demand has lagged far behind the labour
supply in the region; that in part is due to the low
employment elasticities of different sectors.

This overall picture however masks great variation
across the region. Youth unemployment in labour
abundant resource poor countries is matched by
labour shortages in some of the resource rich countries
that have to rely on migrant labour to fulfill their
labour demand. It is in this context that regional and
international migration has to enter the demographic
debate and anti-poverty strategies in the region.

Demographic transition also involves a gradual

1 increase in the number and share of the elderly in the
2 population in the coming years. Population ageing is
3 not as urgent a challenge as youth unemployment, yet
4 given its certainty and the fact that the family has been
5 the main institution of inter-generational support it is
6 important to refine social policy measures that would
7 improve family's budget constraint and its ability to
8 manage intra-family transfer and inter-generational
9 support that changes through the life cycle of a family.
10 It is worth bearing in mind that the youth who are
11 unemployed or in education are currently supported
12 by parents who will be the elderly member of the
13 family in the future.

14 However, there is no guarantee that inter-
15 generational support will necessarily extend to the care
16 of the future elderly. Migration and changing family
17 structure away from multi-generational households
18 to nuclear families, as elsewhere in the world, have
19 weakened inter-generational support within families.
20 That is why pension policies and long term care for the
21 'very old' have been on the agenda in the debate on
22 ageing. Pensions in the MENA countries are generally
23 a prerogative of state employees and larger companies
24 in the formal sector.

25 Development of a two-tier pension scheme could
26 help with vulnerability in old age, especially for those
27 in the informal sector and those who are not in the
28 market-based labour force, yet are an important and
29 indispensable source of labour in the non-market and
30 household based work. The latter group would cover
31 the great majority of the women who in the MENA
32 have one of the lowest labour force participation rates
33 in the world and therefore excluded from most of the
34 labour-market based social protection schemes. Tier
35 one could be designed as a pay-as-you go tax or social
36 insurance contribution based scheme that is open to
37 all residents, irrespective of citizenship rights, that in
38 part will also provide some old age protection to the
39 immigrant workers. Tier two could be a fully funded
40 contribution based scheme that again should be open
41 to all residents irrespective of citizenship status. Tier
42 one is effectively a social protection floor for the old
43 age. Tier two provides extra support in old age and
44 could be based on compulsory membership and
45 contribution, or could be combined with tax incentives
46 to encourage membership. The long established
47 assumption of myopia and poor planning for old age
48 underpins the 'coercive' logic of nudging people to
49 enroll in tier two type pension schemes.

50 Policy makers in the MENA need to put social
51 policy at the heart of any strategy to manage long-term

impacts of demographic transition. The region does
not have the extensive social and economic structures
of the richer developed countries, which went through
their demographic transition at a slower pace and with
more resources. Yet the region has at least a 20-year
window to develop and implement policies to manage
its demographic transition.

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