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Population dynamics in German development cooperation

Position Paper

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Contents

Executive Summary	3
1. Population dynamics – a challenge and an opportunity for the future	4
2. Current German development cooperation in this field	8
3. Population dynamics in German development cooperation	9
Area of intervention 1: Establishing population dynamics in the international and national policy dialogues	9
Area of intervention 2: Data-based development – knowledge facilitates action	10
Area of intervention 3: Investments in a <i>demographic dividend</i> – fostering youth	11
4. Looking ahead: Future-proofing development	14
Acronyms and abbreviations	16

Executive Summary

The global population is continuing to grow: by 2050 the Earth will have more than nine billion inhabitants. The population is growing fastest in the least developed countries where child mortality has been reduced but fertility rates are only falling slowly. In those countries the proportion of children and young people who are dependent on the working population is high. Population growth can impinge on development progress because, as the population grows so too does the demand for food, water, natural resources and environmental inputs, and the need for social infrastructure such as schools, etc.

On the other hand, the demographic situation in many of Germany's partner countries opens a special window of opportunity for development due to the young age structure of the population. If the large number of girls and boys become working adults who have fewer children than their parents, then the result will be a shift in the make-up of the population so that the majority will consist of productive individuals. This favourable age structure is also known as a *demographic bonus* and can subsequently develop into a so-called *demographic dividend* if these young adults of working age actually find employment.

In almost all sectors of German development cooperation, measures are already being carried out that impact directly or indirectly on the population dynamics of a country. These measures include, on the one hand, activities that have an influence on population dynamics; for example, programmes to promote sexual and reproductive health and rights (SRHR) contribute towards lowering birth rates. These programmes are often linked to education measures in a cross-sectoral approach. On the other hand, programmes in sectors such as water, agriculture and protecting natural resources include measures for adapting to the consequences of population dynamics.

Given the growing importance of population dynamics for sustainable development, there is a need for action that goes beyond what is currently being done. In future there should be an even stronger emphasis in our development cooperation on considering demographic changes in our partner countries as a factor that influences outcomes across all sectors. This position translates into three immediate priority fields of action:

- 1) Our involvement in the international and national policy dialogue will be expanded in order to strengthen the integration of population dynamics.
- 2) The ground will be laid so that greater use can be made of demographic data, analyses and projections for the

purposes of needs planning, implementation and monitoring in our partner countries and in German development cooperation projects.

- 3) In a selected group of partner countries we will test focusing our development cooperation more strongly on young people as the target group, in order to support these countries – which are often characterised by a high percentage of young people – as they move along the path from *demographic bonus* to *demographic dividend*.

It is already possible to anticipate that other topics which complement these priority fields of action will become more important. That includes topics such as migration and urbanisation, the interactions between population dynamics, environment and climate change, and the need to prepare for the forthcoming ageing of previously young societies.

AIM OF THE POSITION PAPER

This position paper provides ideas for giving Germany's development cooperation in the field of population dynamics a new conceptual direction. Our intention is to reflect the increasing importance of demographic changes for the success of development efforts and the new challenges that arise from these changes. Germany is a pioneering force in Europe on the cross-sectoral issue of population dynamics. With this paper the BMZ is positioning itself more strongly as a pioneer of population dynamics within development cooperation and marking out priorities for the immediate future. This new paper does not supersede Germany's existing policy on the issue of population dynamics. The focus within German development policy on the causes of population growth and on sexual and reproductive health and rights (SRHR) will remain. The BMZ Special 149 on *Sexual and Reproductive Health and Rights, and Population Dynamics* is still current. The principle of self-determination and the importance of human rights will also continue to be core concerns for all population activities within the framework of German development cooperation. The present paper is directed towards BMZ staff members, advisors and expert consultants in the field of German official and non-governmental development cooperation, representatives of partner organisations in Germany and abroad, and national and international experts and officials.

1. Population dynamics – a challenge and an opportunity for the future

The Earth currently has more than seven billion inhabitants. Although the rate at which the global population is growing is not as high as it was a few decades ago, there are still 82 million new inhabitants being added to the overall population each year. By 2050 it is estimated that the world population will have grown to 9.6 billion people.¹ At present, children and young people under the age of 25 make up 43 per cent of the global population. However, that population is also ageing at an increasing rate: today there are 840 million people who are over 60 years of age; by 2050 there will be more than two billion, a share of more than 20 per cent. Half the population currently lives in towns and cities, a percentage that is growing. Today more than 216 million people live in a country other than the country in which they were born.

Behind all these general global trends, the demographic profiles of the individual countries or regions vary considerably in terms of birth rate, life expectancy, age structure and migration patterns. Population dynamics – by which we mean changes in the size, structure and distribution of the population – will have a considerable influence on local, regional and global development processes over the next few decades. At the global level, demographic trends are becoming critical factors for the provision and utilisation of global public goods such as climate, the environment and stable financial markets. Taking into account the demographic realities in the individual countries and regions is a challenge, but it is also an opportunity for sustainable development. At the same time it is important that biodiversity – the range and diversity of ecosystems, species and genes – is preserved in order that vital ecosystem services can still be accessed by a growing world population in the future.

Many of the poorest developing countries still have high fertility rates and high rates of population growth. This can hamper their development, since the growing numbers of people make it more difficult for governments to meet the resulting increased demand for schools, health facilities and other infrastructure, to fight poverty, and to provide adequate, healthy and affordable food for all people in the long term. In 2050, if current consumption patterns are maintained, we will need to produce 60 per cent more food and fodder crops in order to feed the new total population of more than nine billion people. There will also be higher consumption of natural resources such as water, soil and timber, which will be further increased by the efforts to reduce poverty and by the resulting rise in consumption. Given the limited availability of natural resources and eco-

system services, it is possible that conflicts will arise over access to these resources. It is already clear today that the necessary huge efforts in which many developing countries are engaged in order to make progress on socio-economic development need to be ramped up so that population dynamics do not reduce the development achievements that have been made so far.

However, the dynamics of population development, above all changes in the age structure as fertility rates fall, also offer good opportunities for development processes. Many developing countries are currently in a demographic situation where the mortality rate, particularly among children, has fallen, whilst birth rates continue to be high. This results in a so-called *youth bulge* where there are high proportions of children and young people in the population. If the high number of girls and boys in these countries later become working adults who have fewer children than their parents, then the result will be a shift in the make-up of the population so that the majority consists of productive individuals. Whilst the number of potential workers will be high, the number of people they might need to take care of (e.g. children and older people) will be relatively low. This favourable age structure is also known as the *demographic bonus*.

Countries with a high proportion of children and young people and falling fertility rates are moving towards this bonus situation. Whether the *demographic bonus* can be translated into an economic benefit, a so-called *demographic dividend*, depends on whether the young people who are capable of working are actually able to find jobs in a productive capacity. What counts is how healthy, educated, innovative and peaceful a society is and whether it is able to provide sufficient productive, decent jobs for all segments of the population.² At the same time forward planning is necessary in order to take proper account of the fact that large numbers of young people will in time become a large percentage of old people who need to be cared for by the following generation.

The current youth population of 1.2 billion is the biggest young generation ever. These young people have high expectations for their own future and huge potential to achieve economic, political and social advances and to make society more sustainable. However, if this generation is denied the possibility of a healthy, productive and fulfilled life, then a high percentage of young people can pose a threat to peace and security, thereby jeopardising the chances for sustainable development. Countries experiencing high levels of population growth are therefore at a crossroads, since a young demographic structure can be both an opportunity and a burden for the future.

POPULATION DYNAMICS AND DEMOGRAPHY – A DEFINITION OF TERMS

Population dynamics and demography are terms that are closely linked. They are used in similar contexts and are sometimes used synonymously. Demography is an academic discipline, whereas population dynamics is a term that is used internationally. In German development cooperation we use the term population dynamics, which is the standard terminology employed in international policy dialogue. In German-speaking countries and contexts, however, the term demography is more common, a fact that is also reflected in current political processes relating to the German government's demographic strategy. The definitions of the two terms are accordingly similar: Demography is an academic discipline that is concerned with analysing population structure and population development essentially on the basis of birth, migration and ageing patterns. Population dynamics describes how populations change over time in terms of size, composition and geographical distribution.

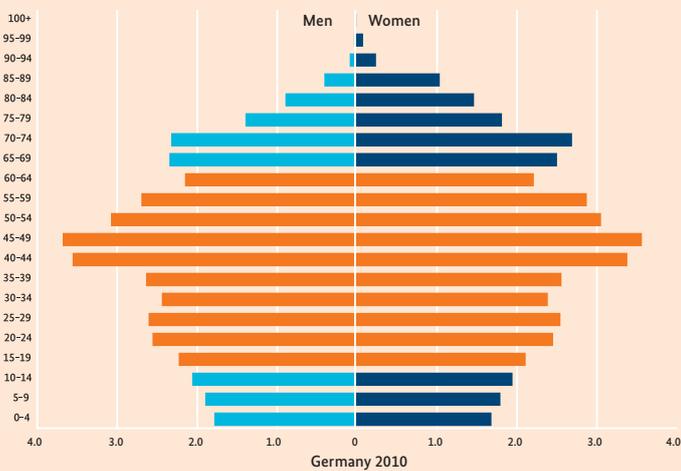
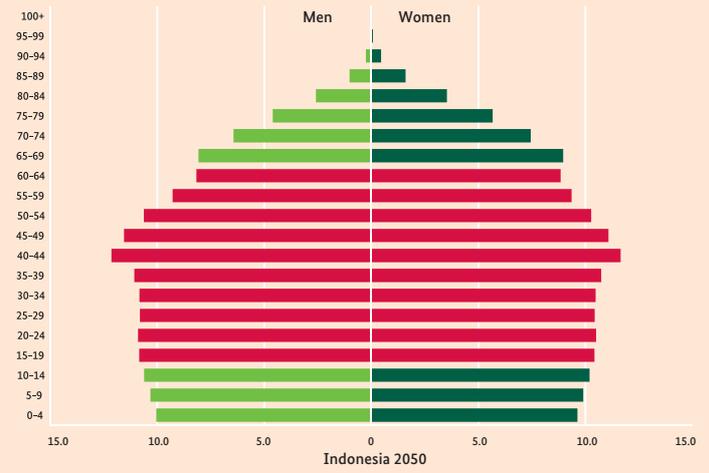
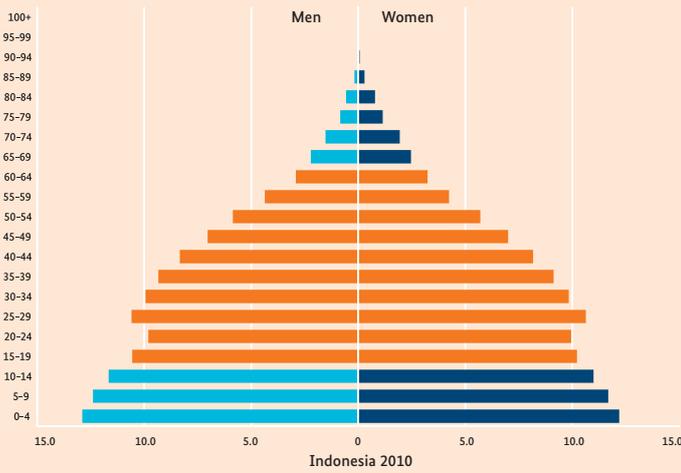
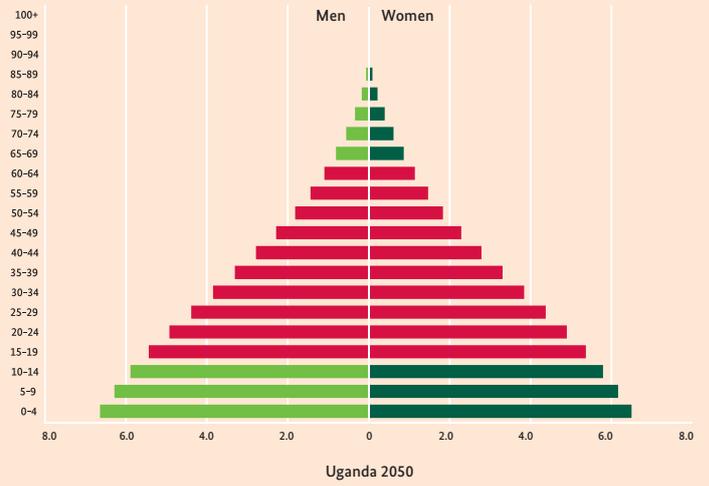
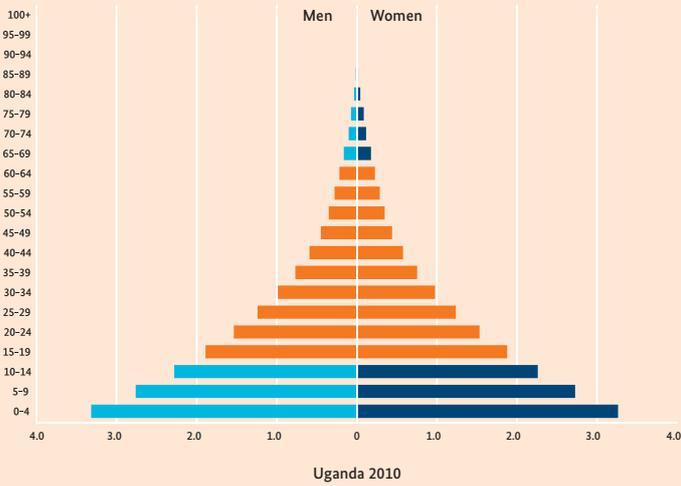
DEMOGRAPHIC TRANSITION

Countries pass through four stages of demographic transition during the course of their socio-economic development. In the first stage, high mortality and birth rates result in population levels that remain stable. Almost all the world's countries have already passed through this stage. In the second stage, mortality rates decline, especially among children, whilst birth rates remain high. As a result the population grows and there is a high proportion of children and young people, who need to be cared for by a relatively small number of adults. In the third stage, birth rates fall due to education, health care (including family planning) and economic development. During this stage, the rate of population growth slows. Stage four is characterised by a further fall in the birth rate and an ageing population. This leads to a stable or declining population and a tendency for a situation to develop in which, once again, a small number of working adults must provide not only for the young but also for many old people.

¹ UN DESA (2013) World Population Prospects, 2012 Revision.

² It is estimated that about one third of the high rate of economic growth in the so-called tiger states in East and South-East Asia is attributable to these countries making optimum use of their *demographic dividend*. Cf. Berlin Institute for Population and Development (2012) *Bevölkerungsdynamik – Einflussgrößen und Interventionsmöglichkeiten für die deutsche Entwicklungszusammenarbeit* (Population Dynamics – Influences and Possible Areas of Intervention for German Development Cooperation), Berlin.

Variations in demographic profiles



³ All data are from UN DESA (2013) World Population Prospects, 2012 Revision.

⁴ The total fertility rate tells us how many children a woman would have on average during the course of her life if the age-based birth rate remained constant throughout her fertile years, i.e. between 15 and 49.

UGANDA

In a developing country like Uganda, roughly one person in every two is younger than 15. Average life expectancy is about 59 years, which is very low. A Ugandan woman has on average nearly six children during her lifetime.³ The total fertility rate⁴ has thus hardly fallen at all over the last 50 years. Even if the fertility rate were to fall to 2.1 children per woman, the level at which the size of the population remains constant, with each generation of parents merely replacing itself, the population in Uganda would still continue to increase for some time. This is because the many children and young people will produce many potential parents in the next generation. In addition, Uganda has one of the highest rates of teenage pregnancy in East Africa, which reduces the gap between the generations, thus accelerating population growth. There are about 150 births per 1,000 young women between the ages of 15 and 19. According to the United Nations, although the rate at which the Ugandan population is growing will gradually fall, it is estimated that the population will have almost doubled by 2035, growing from 38 million today to almost 73 million – and by 2050 it will have nearly tripled, reaching over 104 million.

INDONESIA

In an emerging country like Indonesia, the average number of children per woman has fallen significantly over the last few decades. The total fertility rate is just under two-and-a-half children per woman, less than half what it was in 1970. A quarter of the population is less than 15 years old, whilst the proportion of older people in society is increasing. Average life expectancy has risen from 47 years in the early 1960s to 70 years. This is due less to the fact that (remaining) life expectancy for those of advanced age has risen and is far more because child mortality has fallen. In Indonesia the proportion of dependent children and young people is falling whilst the proportion of adults of working age is rising. Increasing industrialisation and with it rising demand for labour and rising educational levels are making it easier for Indonesia to transform the large numbers of young people surging onto the labour market into a productive working population.

GERMANY

Industrialised nations tend to have low fertility. In Germany the fertility rate stands at 1.4 births per woman. Only 13 per cent of the population is under 15 years of age. Average life expectancy is 81 years. More and more people are reaching an advanced age. The growing share of older people as a percentage of the population is causing a shift in the proportion of dependent people to working population – despite the fact that the number of children and young people is falling. This poses a challenge for social protection systems. The labour market will have to learn how to manage with a smaller and older working population, as well as a possible shortage of skilled and trained workers. Immigration from other countries and regions is slowing down the fall in the size of the population in Germany and supporting Germany's social protection systems. However, it cannot stop the fundamental demographic transformation of German society.⁵

⁵ The German government's demographic strategy of 2012 outlines how productivity within society will be maintained, despite the rise in the average age of the population. The measures to be implemented include, for example, adapting the world of work to the needs of older workers, educational offerings for lifelong learning and a targeted immigration policy.

2. Current German development cooperation in this field

In almost all the sectors of German development cooperation measures are already being carried out that impact directly or indirectly on the population dynamics of a country. On the one hand the causes of population dynamics are being addressed, on the other hand necessary measures are being carried out to adapt to demographic trends and the resultant socio-economic problems.

Germany's development policy in the field of population dynamics is guided by the Programme of Action from the Cairo Conference on Population and Development. The 1994 Programme of Action formulated clear goals for a sustainable, rights-based and gender-sensitive policy in the field of population and development. Sexual and reproductive health is recognised as a self-determined right. In order to contribute to sustainable population policy in the countries with which Germany cooperates, the German government provides support in particular for programmes concerned with sexual and reproductive health and rights (SRHR), child and maternal health, and universal, inclusive access to family planning and contraceptives. These programmes are linked to HIV prevention activities and are carried out as part of cross-sectoral approaches which also involve education measures and measures to promote the rights of women, children and youth, and to further gender equality.

Within the framework of the G8 Muskoka Agreement of 2010, the financial and programmatic scope of the German contribution to the 4th and 5th Millennium Development Goals (MDG 4: reducing child mortality; MDG 5: improving maternal health) was expanded. The BMZ's initiative Rights Based Family Planning and Maternal Health, published in May 2011, specifically focuses on ensuring that all mothers can exercise their human right to decide freely when and at what intervals to have children and how many children they will have. This has positive impacts on children's health and education, the economic prospects of the entire family and, thus also, on a country's overall economic development.

Maternal and child mortality and fertility rates only fall when girls and women have access to good quality education and where they have been able to achieve economic independence. Protecting girls from disadvantageous cultural practices such as child marriage and harmful traditional practices such as female genital mutilation is equally important. Education is of key importance if people are to be able to do skilled jobs, earn a living and lead a self-determined life. German development cooperation therefore supports education projects ranging from

early learning through primary and secondary education, to vocational training and university education, and adult education. German development cooperation programmes for promoting education, the economy and employment also create a framework for sustainable economic development and contribute towards training the working population and developing local labour markets.

Other aspects of population dynamics are addressed within the framework of programmes concerned with migration, urbanisation and social protection. Projects for migration and urbanisation offer developing countries support for making sustainable and advantageous use of the development potential of emigration, immigration and urbanisation, and for framing policies accordingly. Social protection programmes promote, for example, various forms of protection against old age and social transfers for the benefit of the poor.

In addition to the core areas outlined above, the efforts to address the consequences of population dynamics also involve almost all sectors of German development cooperation. Population dynamics mean growing numbers of service users and changes in their geographical distribution, making existing problems more acute. Interventions under German development cooperation aim, among other things, to open up and preserve access to social services, food, natural resources and energy for disadvantaged and poor people. Securing food in the future for a growing world population and the increase in production that will be required is only going to be possible if consistently sustainable use is made of the most important agricultural production factors, in particular soil and water (*producing more with less*). Population growth and population movements also pose challenges for the conservation of biodiversity, and for the availability of limited natural resources, ecosystem services and global public goods. Development programmes in the water sector advise partner countries on issues such as access to water and sanitation, and preventing the over-exploitation of water resources. Development cooperation also focuses on promoting renewable energies, the efficient use of energy and access to energy services, in order that – given the shortage of fossil fuels and the exigencies of climate protection – sustainable energy generation and use can be fostered. Because of the growing pressure on natural resources, German development cooperation is also about helping Germany's development partners to focus their efforts on the interactions between the different sectors, especially the nexus between water, energy and food security. The aim is to make more efficient and sustainable use of resources by adopting an inter-sectoral approach (the nexus perspective).

Given the growing influence of population dynamics on the success of development measures, development cooperation needs to take even greater account of the demographic changes taking place in Germany's partner countries. Population dynamics must be considered as a factor that has an influence across all sectors. Partner countries must be supported in their efforts to adapt their population policies to the challenges ahead. In order to take more specific account of the demographic dimension in the future, the specific characteristics of population dynamics in the various developing countries need to be considered at an early stage in the planning of development cooperation activities wherever possible. Changes in the size, age structure and distribution of the population of a partner country that have not been thoroughly analysed beforehand could otherwise have a negative impact on the effectiveness of development measures. At the same time, projects need to be examined in order to determine whether they might have a negative impact on specific aspects of population dynamics.

3. Population dynamics in German development cooperation

Population dynamics require that German development cooperation programmes offer more than before in terms of adaptation and cooperation activities. That means, above all, strengthening the activities in selected priority areas or sectors and developing a better understanding of the cross-sectoral nature of population dynamics. Fields of action are the international policy dialogue and bilateral dialogue with partner countries, acknowledging demographic issues in the design and funding of development projects. Carrying out demographic analyses that are based on reliable, disaggregated data and projections is also important. Such analyses are essential in order to raise awareness about the cross-sectoral aspects of population dynamics and promote informed action, and for mainstreaming the issue and integrating the development activities.

The particular focus is on poor countries where growth and fertility rates remain high and where the population includes a large proportion of children and young people, and on countries where fertility rates have already fallen and an advantageous ratio of working age adults to dependent members of the population is emerging. Forward-looking German development cooperation must place a stronger emphasis on the needs of the biggest generation of children and young people ever, so that the opportunities of population dynamics can also be brought into play. The priority must be sustainable, balanced

development that also takes the cultural aspects of national population policies into account.

Area of intervention 1: Establishing population dynamics in the international and national policy dialogues

Population growth, ageing, urbanisation and migration are mega trends in demographic development that need to be appropriately established on the international policy agenda. The BMZ is strongly and successfully engaged in setting the international agenda for population dynamics. The main focus of German development cooperation is currently on reviewing the implementation of the Cairo Programme of Action 20 years after the 1994 International Conference on Population and Development (ICPD), and on formulating a new post-2015 development agenda which incorporates the outcomes of the post-MDG process and the sustainable development goals (SDGs), which were decided upon at the Rio+20 Conference. These processes are closely linked with one another.

The United Nations Commission on Population and Development (CPD) holds an annual meeting as part of the follow-up process to the Cairo International Conference on Population and Development. This meeting offers an international forum for Germany to emphasise the importance of population dynamics and SRHR in an international setting. In preparation for the planned special session of the UN General Assembly in September 2014, the CPD is reviewing the implementation of the Programme of Action 20 years after the Cairo Conference on Population and Development. In 2015, the CPD will specifically address the topic of integrating population issues into the post-2015 development agenda. Germany also supports international expert bodies and cooperates with multilateral organisations and the private sector, as well as with national and international civil society organisations. Germany is thus able to promote the Cairo Programme of Action both internationally and in selected countries.

It is important within the framework of the discussion about a new, post-2015 development agenda that we emphasise the importance of SRHR and highlight population dynamics as an issue which has a bearing across all sectors. The final document for the Rio+20 Conference, which was adopted in June 2012, already acknowledges the importance of these topics and dedicates a whole chapter to health and population issues.⁶ The formulation of sustainable development goals (SDGs) and the linking of these goals to the post-MDG process to form a single, coherent global

development agenda are crucial in setting the course for future action. All three processes – the ICPD, the SDGs and the post-MDG process – must therefore interact with one another. As a consequence, strategic alliances and networks at the national, European and UN levels will be expanded in order to increase political influence. In addition to this, dialogue and networking events will seek to establish the topic of population dynamics in ongoing political, scientific and societal discussions. A concrete example of an event that has had a positive international resonance is the International Dialogue on Population and Sustainable Development, which the BMZ has been organising jointly with other partners for several years.

At the same time, the BMZ will also seek to emphasise the importance of population dynamics and SRHR even more in its dialogues with partner countries, so that those countries will start to view these topics with more openness and give them greater priority. The BMZ will also encourage these countries to join Germany in actively lobbying for the topics to be included in international discussions. As part of this process, population dynamics will need to become more firmly integrated in partner countries' national strategies and in their sector and budget plans.

Area of intervention 2: Data-based development – knowledge facilitates action

When governments have access to comprehensive and reliable population statistics and analyses, they can plan their national strategies and service delivery more precisely, and they can adjust their priorities and policies on the basis of an accurate assessment of need. Good data makes it easier for civil society organisations to monitor what the state is doing and to check whether it is meeting its obligations. The availability of such information also makes it easier to monitor international obligations such as the MDGs and various economic, social and cultural rights. It also enables policymakers to formulate more appropriate goals for a future global agenda and it affords a degree of transparency and accountability which is of use to governments and donor institutions. Last but not least, development programmes also need population data so they can refine their goals and interventions and take greater account of demographic issues in the planning, design and evaluation of their activities.

The regular collection of local and national population data is a fundamental prerequisite for government planning. If such information is lacking then the basis for farsighted political action and a socially and ecologically sustainable economy is also absent. Many governments are dependent on external funding and expertise and there are often gaps between the acquisition of reliable data and the incorporation of this information into strategies and policies. These deficits can be remedied by improving data collection methods and evaluating available sets of data, such as data from health information systems and information derived from community-based health insurance programmes. The resulting demographic data must be disaggregated by variables such as sex, age, educational level and disability, and it must be analysed in detail.

In some countries the development of official registration systems is a viable long-term goal for development projects. Various forms of training can help to establish a systematic, demographically oriented approach to data collection and can ensure consistency within and between different institutions and organisations in partner countries. For example, interventions can train specialist staff in state and civil society institutions and can also encourage cross-country exchanges of technical advice, funding and experience. Population projections allow planners to start addressing long-term challenges – such as population ageing – at an early stage. Furthermore, by analysing the demographic situation of a partner country, we are able to establish a basis for taking steps to ensure that our activities are well aligned with upcoming opportunities and needs, and that can also allow various sectors of German development cooperation to respond appropriately to the situation.

⁶ UN (2012) The future we want, Doc. No. A/CONF.216/L.1.

Area of intervention 3: Investments in a demographic dividend – fostering youth

The wide range of demographic changes taking place creates a vast sphere of intervention that includes growth, ageing, urbanisation and migration. The German position on population dynamics starts by addressing an aspect that is of the utmost importance for most of Germany's partner countries – young people. For many partner countries a window for action is currently opening up as they move towards the *demographic dividend*. In keeping with the graph on page 15, these countries either belong to Group A or to Group B. Essentially, this means that they are currently developing a *demographic bonus* as a consequence of falling birth rates and the existence of a proportionately large number of children and young people in their populations.⁷

In order to help countries make the best use of this window, German development cooperation provides support in the key sectors of health, education and employment. Where necessary, these interventions are linked across sectors. For example, for young people there are overlaps between education and health, as well as between education and employment. Such approaches are particularly significant in partner countries where conflict, fragility and violence are common phenomena. Creating jobs and future prospects for young people is the main focus of activities aimed at promoting peace and security in these countries.

It is particularly important to have child- and youth-oriented inclusive health promotion and to strengthen health systems. It is also important to establish a development approach that successfully integrates human rights, educational needs, gender equality and political participation. In the education sector there is a need for flexible responses that can adapt to the changing needs of the labour market and can take account of the specific challenges that are faced by young people in urban areas. The trend towards urbanisation in particular can result in a dividend if girls and boys are not forced out into the margins of society but are instead able to make use of the many and varied urban services and opportunities for development that are on offer, for example in the education sector. Many educational establishments which provide general education and vocational training can also be used as settings to pass on general life skills and

FOCUS ON YOUTH

Of the seven billion plus people living in the world today, 1.2 billion are aged between 15 and 24 years old. In addition to this there are also 1.8 billion children who will be reaching their teens over the next few years. Most young people are sexually active. Ignorance, lack of self-confidence and taboos about sex mean that many of them face the risk of contracting a sexually transmitted disease, which can include HIV. Girls also face the risk of unwanted pregnancy. Many young people need to be given the chance to learn basic skills that are important for their future working life, such as reading, writing and arithmetic. Young people are also particularly hard hit by unemployment because of their lack of training and experience. In 2011, 13 per cent of all young people in the world of working age were unemployed and a large percentage of young people were found to lack satisfactory employment.⁸ Not only is it harder for younger people to find work than for adults, they are also more likely to end up in employment that is precarious and has poor conditions. Over the next few decades the number of young people entering the labour market and needing to find productive employment will increase. Unless determined action is taken in order to create jobs and improve young people's social prospects this situation may damage the degree of social stability in Germany's partner countries.

gender-sensitive information; to strengthen individuals' sexual self-determination and rights; and to encourage greater participation in society. Such non-formal educational offerings and informal learning opportunities can be particularly useful for young women and men who have previously had little or no access to more high quality formal education.

In order to create productive, decent work that is particularly well-suited for young members of the population, German development cooperation uses an integrated approach that combines vocational education and two other complementary areas. More specifically, development agencies work with partner countries to create productive, decent jobs using targeted support for the private sector and efforts aimed at improving the general economic environment. In addition to this, they also use effective careers advice, job finding services and labour market information

⁷ The countries in Group C are mainly industrialised countries and emerging economies. Ageing is the most pressing challenge facing these societies. Although ageing is an extremely relevant demographic topic for German development cooperation, there are far fewer Group C countries than Group A and B countries among Germany's partners. In addition, Germany's cooperation with what are known as global development partners (i.e. up and coming emerging economies from Group C that already have many of the characteristics of industrialised countries) mainly focuses on special topics such as the responsible use of global public goods like resources, climate and security. Cf. BMZ Strategy Paper 6/2011 – Strategy for Development Cooperation with Global Development Partners.

⁸ UNESCO, 2012 Education for All Global Monitoring Report, Youth and skills: Putting education to work.

to ensure that labour market supply and demand are better synchronised. The active participation of the private sector does not just help to ensure that vocational training for young people is better oriented towards the needs of the labour market. The private sector is also a key partner in creating new jobs. However, given that the only medium-term option for many young women and men is to find employment in the informal sector, it is also important for German development cooperation that it puts more emphasis on interventions which are focused on informal employment.

In the future, mobility will become increasingly important, for young as well as old. Regional and international labour markets are growing ever closer together and with this convergence come possibilities, imperatives and incentives for migration. Our partner countries will benefit from mobile young people if these individuals are able to build up their home countries using the knowledge, experience and capital that they have acquired elsewhere. At the same time, efforts must be made to prevent the permanent exodus of highly qualified young people by making sure that they have attractive options at home. One very promising approach to stem the brain drain is circular migration. Circular migration allows migrants to move back and forth between their countries of origin and the other country. This trend towards being resident and working in more than one location can already be seen in urban areas, where a wide range of employment and income opportunities is important in helping to reduce the vulnerability of poor households. Young people and young adults in particular can thus serve as bridge builders who spark innovations and mediate between different economic and cultural spheres. In order for circular migration to work when international borders are involved, it is particularly important that educational qualifications and professional skills gained in one country are recognised in the other.

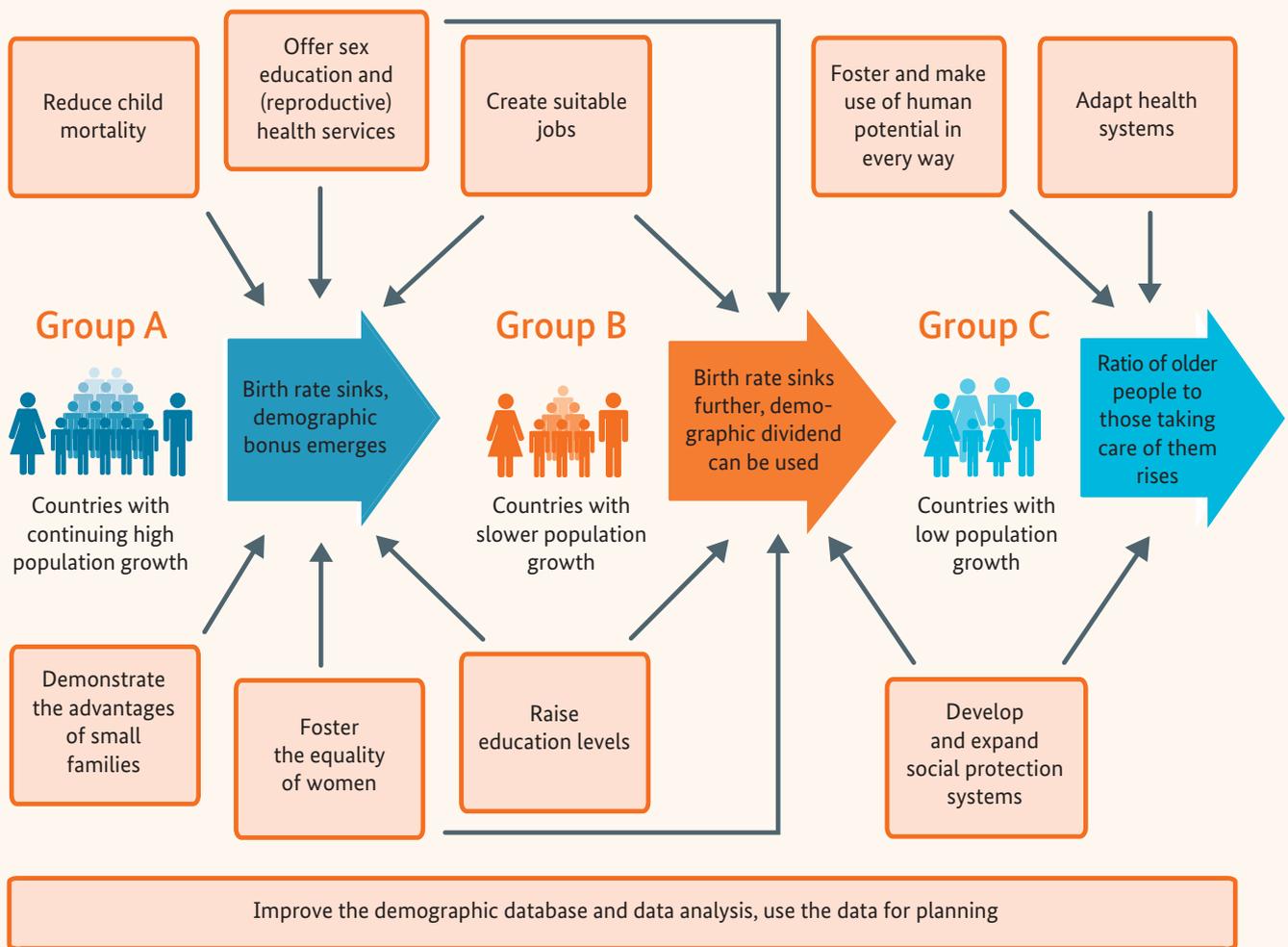
Health, education and vocational training, employment, mobility and urban development are all relevant focal areas for strategies tailored to the specific needs of young people. Such strategies can help partner countries achieve the *demographic dividend*. As a consequence, development policies in these areas are therefore being more closely coordinated than before so that young women and men can find work and act as catalysts for socio-economic progress. A well-educated, productive working population will help our partner countries cope better with the changes ahead. They will also be able to devote time and effort to securing the right to social protection, for example, by developing social protection systems that respond to the needs of an ageing society.

Certain measures can be used to accelerate demographic processes and take advantage of the benefits that are associated with the *demographic dividend*. The following graph outlines the process of demographic change and gives examples of interventions that can be implemented at various stages. The graph focuses on three groups of countries, which are at different stages of the demographic transition. Since all countries have already moved beyond the initial “high mortality” stage, this stage is not shown in the graph.⁹

- Group A countries currently have an unfavourable dependency ratio. The high birth rate means that there are many children and young people who need to be cared for. The fall in births needs to become even stronger so that a *demographic bonus* can start to emerge. As a consequence, important measures include: lowering child mortality; providing inclusive sex education and rights-based reproductive health care; increasing educational opportunities (especially for girls); strengthening women’s rights and their ability to earn a living; and developing a basic system of social protection.
- Group B countries are already experiencing a fall in birth rates and, as a consequence, they are characterised by a favourable dependency ratio and an emerging *demographic bonus*. In order to make use of this advantageous age structure, it is necessary to make cross-sectoral investments in qualified education and training. It is also important to create suitable employment opportunities for young people, to extend health services, particularly for sexual and reproductive health, and to develop social protection systems.
- Group C countries will still be able to make use of their *demographic bonus* for a limited period of time. However they must also start to do more to prepare for the ageing of their societies. Here it is important that the potential of older people is fostered comprehensively and that the health and social protection systems are both shaped in such a way that they can provide satisfactory care for the growing numbers of older individuals. For all these measures, it is crucial to have standardised demographic data and projections that are reliable, up-to-date and disaggregated. In particular, this information provides an important basis for needs assessments and for pro-active policy planning, implementation and monitoring.

On the way to the demographic dividend

Possible interventions that governments can make on the demographic development path



⁹ The countries are divided into groups based on the following criteria:

- In countries in Group A there are 70 or more children and youths for every 100 adults of working age.
- In countries in Group B there are more than 38.5 but fewer than 70 children and youths for every 100 adults of working age.
- In countries in Group C there are 38.5 or fewer children and youths for every 100 adults of working age.

Berlin Institute for Population and Development (2012) *Bevölkerungsdynamik – Einflussgrößen und Interventionsmöglichkeiten für die deutsche Entwicklungszusammenarbeit* (Population Dynamics – Variables and Intervention Options for German Development Cooperation), Berlin.

4. Looking ahead: Future-proofing development

The BMZ will have a long-term, cross-sectoral involvement in population dynamics in order to strengthen its partner countries' capacity to deal with demographic change. This resilience can be strengthened in a variety of ways. Particularly important are those interventions that seek to make the most of individuals' potential and that open up future opportunities for all individuals. Such initiatives are especially important for women and girls because they remain the biggest and most disadvantaged population group. Being able to decide freely about sexuality and family planning is the cornerstone for strong families. Parents of smaller families can invest more of their limited resources in the health and education of each child. However, social resilience towards demographic development also means making the right political decisions when it comes to investing in health, education and employment. It is these investments that can enable us to realise the *demographic dividend*.

The BMZ will campaign to get population dynamics more firmly established as a cross-sectoral issue in international and bilateral policy dialogues and as an important issue in cooperation with multilateral organisations. In the future, demographic data, analyses and projections need to be used more effectively to inform planning policies and strategies. German development cooperation in the field of population dynamics will place particular emphasis on targeting young people.

The BMZ will take population dynamics into account through various instruments and activities such as portfolio analyses and strategy papers that focus on particular sectors and partner countries. In future, development cooperation projects will be designed so as to pay greater attention to the development of the population in partner countries. In order to achieve this, a sectoral toolkit will be developed which contains guidelines and examples of possible measures that can be implemented. This toolkit will also concern itself with the DAC CRS code for population dynamics.

The code covers various aspects, including measures for population policy, data collection and the analysis of demographically relevant phenomena.

In addition to the three priority areas for action outlined in this position paper, it is evident that other important topics are also going to become more important. The movement of people beyond state borders and into other regions is already a demographic reality. Migration should be a bonus for all involved: for the migrants themselves, for their countries of origin and also for the countries where they live. The goal is to achieve a "triple-win" situation. That is why a key aim of German development policy is to reduce the risks and to harness the potential gains associated with migration. In the field of population dynamics, engaging in political action is becoming increasingly important in order to achieve these goals.

Internal migration is another important demographic trend: the global number of internal migrants is estimated to be 800 million. In addition, almost all of the anticipated population growth over the next few decades is likely to occur in urban areas, in almost every case in towns and cities that are located in developing countries. Socially inclusive, participatory and sustainable urban living spaces offer access to education, participation, health and employment. Such services are particularly important for marginalised groups like women and young people.

The impact of climate change on demographic trends will intensify in the coming decades and will result in some important interactions and interdependencies. Industrialised countries will continue to consume high levels of natural resources and demand will grow as a consequence of population growth in developing countries. Securing environmental sustainability and protecting global public goods within this context will be a shared challenge for all the countries in the world. German development cooperation faces the task of supporting Germany's partner countries as they seek to reconcile their pursuit of the *demographic dividend* with the imperatives of climate stability, environmental protection, preserving biodiversity and making sustainable use of their natural resources.

In addition, it will also be necessary in discussions about population dynamics to consider how to build social protection systems that can deal with growing numbers of old people. Demographic changes are long-term phenomena that occur in stages and that impact on all generations. Depending on the overall context, the length of each stage can vary.

The industrialised countries took roughly two hundred years to complete the first stages of this process. South Korea, Singapore, Taiwan and China have made the same demographic transition in a few decades. That is why demographic changes need to be observed, analysed and taken into account in any attempts to plan for the future.

It is important to plan in a way that leaves plenty of time to fully establish any measures aimed at adapting to or shaping the ageing process. In some countries we can already predict a shift away from a young age structure towards a higher proportion of older people.

Ultimately development cooperation can only be long-term and sustainable if demographic issues are taken into account at an early stage. Given the dynamics of population development, German development cooperation activities need to be constantly readjusted so as to take account of the population structure in Germany's partner countries. Therefore, future BMZ programmes and strategies will seek to consider population dynamics right from the very beginning of the planning process.

Acronyms and abbreviations

BMZ	Federal Ministry for Economic Cooperation and Development
CPD	UN Commission on Population and Development
HIV	Human Immunodeficiency Virus
ICPD	International Conference on Population and Development
MDGs	Millennium Development Goals
SRHR	Sexual and Reproductive Health and Rights
SDGs	Sustainable Development Goals
UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs

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