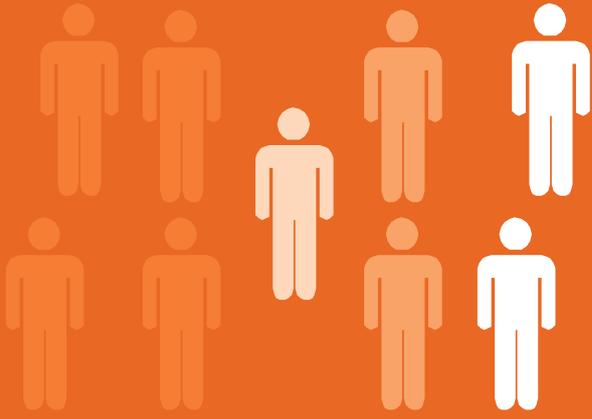


Middle East Megatrends: Transforming our region

Understanding the impact of megatrends in the Middle East

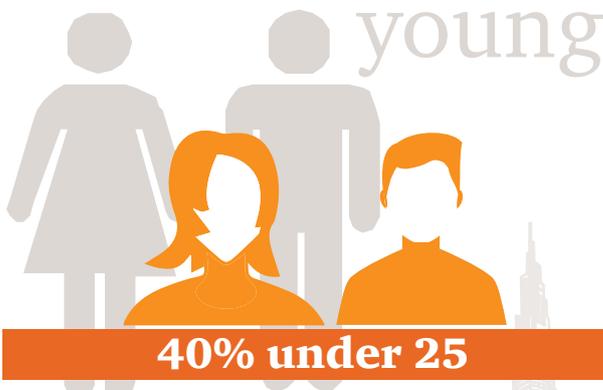


Demographic and social change

The global population is still growing fast and is expected to reach 9 billion in 2050. But over the past few decades, growth trends have polarised. Ageing and stagnating populations in Japan and much of Europe are compensated by explosive growth and much younger populations in emerging countries. By 2050, that divided picture will have become far more complex, as growth rates slow and ageing populations rise in most of the world.

The Middle East has led the emerging market population boom, along with Africa, in the past decade. Population growth has averaged 70% since 1990, with smaller GCC countries such as the UAE and Qatar housing five times more people now than they did just 25 years ago. Despite a slowdown in the pace of growth, everywhere but in Egypt, the Middle East will still see its population rise almost 50% over the next 25 years, significantly slower than in Africa, but faster than in India.

The rapid population growth has meant that **the region is young, with over 40% of people under 25.** The region is now entering a potential sweet spot with a high working age population and relatively few dependents. Reaping this demographic dividend, as Asia did, will depend on those people being in meaningful work and that means revamping education systems to teach relevant skills, creating sufficient jobs, bringing women into the workforce, expanding the role of the private sector and diversifying the economy.



40% under 25
The region is young, with over 40% of people under 25²

28%

Youth unemployment in MENA is among the highest in the world at 28%¹



Unemployment

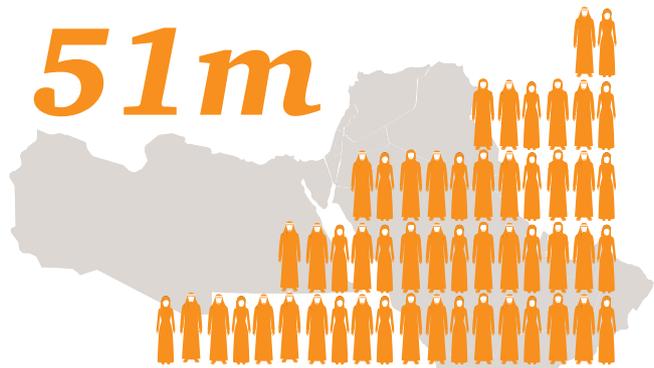


If the Middle East is able to do this, it could enjoy several decades of solid growth. If it is not, it can expect low productivity and rising levels of joblessness and instability. Already **youth unemployment is among the highest in the world at an average of 28%**, with rates particularly high among graduates and women. Governments also know that they must move quickly to engage young people to avoid disillusionment setting in.

If we can leverage young people's talent and brain power, we could take the economy to the next level.



For now, the opportunities for business and the challenge for governments are among the young. But **by 2050, the age pyramid will have shifted significantly.** Elderly nationals are expected to make up over 20% of the GCC population (compared to just 2% now), higher than the world average of 16%. The challenge (and opportunity) then will be finding sustainable ways to handle pensions and to tackle the healthcare issues of an ageing population that already in its youth has one of the highest levels of obesity and diabetes in the world.



The population of the GCC has doubled over the past 20 years to **51million** in 2015³

Over the next few decades, the Middle East will also grapple with the **social impact of women entering the workforce**, earning their own money and having a say in their role within both the family and society.

Women already form a majority among university students in many countries in the region and they are gradually starting to play a visible role in both government and business – an enormous change just in the past few years.



By 2050, elderly nationals will make up **20%** of the GCC population compared to only 2% today⁴

20%



Demographic and social change

Sources:

1 World Bank. 2 UN. 3 World Bank. 4 UN.