



WP/00/41

# IMF Working Paper

---

## Demographic Transition in the Middle East: Implications for Growth, Employment, and Housing

*Pierre Dhonte, Rina Bhattacharya, and  
Tarik Yousef*

**IMF Working Paper**

Middle Eastern Department

**Demographic Transition in the Middle East: Implications for  
Growth, Employment, and Housing**

Prepared by Pierre Dhonte, Rina Bhattacharya, and Tarik Yousef<sup>1</sup>

March 2000

**Abstract**

The views expressed in this Working Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.
---

The working age population is expected to grow faster in the Middle East than in any other region in the world between now and 2015—rising annually by 2.7 percent, or 10 million people. This demographic explosion presents the region with a major challenge in terms of providing jobs, incomes, and housing for the growing population, but the expanding labor force can also be seen as an opportunity to generate higher per capita income growth on a sustainable basis. The paper concludes by emphasizing the importance of market-friendly institutions in turning the challenge into opportunity.

JEL Classification Numbers: O15, O40

Keywords: demography, growth, housing

Author's E-Mail Address: [pdhonte@imf.org](mailto:pdhonte@imf.org), [rbhattacharya@imf.org](mailto:rbhattacharya@imf.org),  
[youseft@gunet.georgetown.edu](mailto:youseft@gunet.georgetown.edu)

---

<sup>1</sup> The authors wish to thank Eduard Bos, David Burton, Paul Chabrier, Zubair Iqbal, and Karim Nashashibi for comments and suggestions, and Ilse-Marie Fayad and Binta Terrier for research assistance.

Contents	Page
I. Introduction .....	<u>3</u>
II. The New Demography of MED .....	<u>4</u>
III. MED's Demographic Gift .....	<u>6</u>
IV. Employment Opportunities.....	<u>9</u>
V. Housing Construction as an Engine of Growth .....	<u>11</u>
VI. Policy Implications.....	<u>15</u>
 Tables	
1. Selected Regions: Key Population Data, 1970, 2000, 2015.....	<u>17</u>
2. Selected Regions: Age Structure of the Population, 1970, 2000, 2015 .....	<u>18</u>
3. Selected MED Countries: Employment, 1973–2015 .....	<u>19</u>
4. Selected MED Countries: The Augmented Demographic Gift .....	<u>20</u>
5. Selected MED Countries: Total Factor Productivity Growth Requirements .....	<u>21</u>
6. Selected Countries: Key Housing Data, 2000 .....	<u>22</u>
 Boxes	
1. Demographic Data Sources .....	<u>5</u>
2. Estimating the Need for Housing.....	<u>13</u>
 References .....	 <u>23</u>