The Demographic Transition and the SDGs in Asia: Evidence from National Transfer Accounts (NTA)

Sang-Hyop Lee

University of Hawaii at Manoa (UHM) &

East-West Center (EWC)

*Opportunities and Challenges of the Demographic Transition
for Meeting the 2030 Agenda and the SDGs*

Mexico City, July 23, 2018

Key issues

- How population changes influence society and the economy and how they are related to the SDGs

- What public policies can be pursued to influence the outcome
  - Evidence-based research provides policy tools

Evidence-based research and policy implications

- Asian and Pacific Ministerial Declaration on Population and Development (<u>Asian version of Montevideo Consensus</u>)

"Strengthen national statistical systems at all levels to produce reliable, disaggregated and internationally comparable statistics on population, social and economic development in a timely manner to help monitor subnational, national, regional and international development"

Linking NTA with SDG indicators

SDGs	Targets	Indicators	NTA (potential supplementary information)
Goal 1	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age Indicator 1.2.2: Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions Indicator 1.3.1: Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and vulnerable	Provide additional information on who (age, sex, rural/urban, social-status, income quantile, etc.) are receiving different types of public transfers and private transfers, and how significant these transfers are in supporting an individual's consumption
Goal 3	3.8 Achieve universal health coverage, including financial risk protection, access to quality, essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Indicator 3.8.1: Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population	Provide additional information on public and private health consumption and financing by age, sex, rural/urban, social-status, income quantile, etc.

Linking NTA with SDG indicators

| SDGs	Targets	Indicators	NTA (potential supplementary information)
Goal 4	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Indicator 4.5.1: Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated	Provide additional information on public and private education consumption by age, sex, rural/urban, social-status, income quantile, etc.
Goal 5	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	Indicator 5.4.1: Percentage of time spent on unpaid domestic and care work, by sex, age and location	Provide information on time use and imputed market values (wages) for unpaid domestic and care work by sex and age

NTA

Sharp differences in demographic situation of Asia-Pacific countries

- General trend is toward lower mortality and fertility and slower population growth

- Grouping of Asia-Pacific countries by fertility levels:
  - Group 1: High fertility (TFR above 2.5)
  - Group 2: Near-replacement fertility (TFR 1.7-2.5)
  - Group 3: Very low fertility (TFR below 1.7)

# Where are the Group 1, 2 and 3 countries?

- Group 1 (TFR> 2.5): Mainly in South Asia
- Group 2 (TFR 1.7-2.5): In South and Southeast Asia
- Group 3 (TFR < 1.7): In East Asia plus Singapore and Thailand
- 30 years ago, "high fertility" in Asia would have meant TFR above 4 or 5! This just goes to show how dramatically fertility has fallen
- It is important to understand that challenges and policy priorities are different by groups

Demographic Dividend: 2010-2050 average
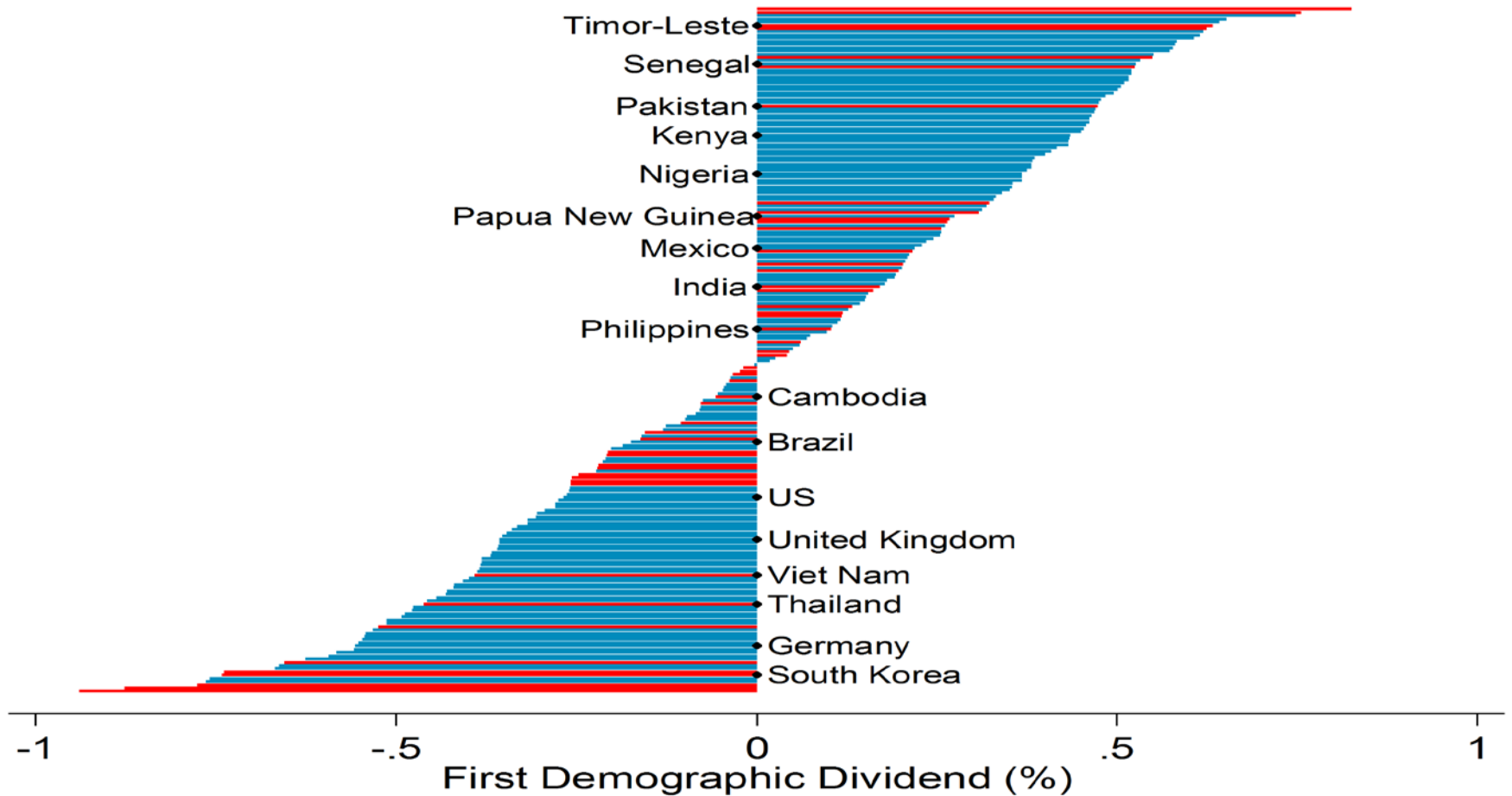
Fertility/human capital tradeoff
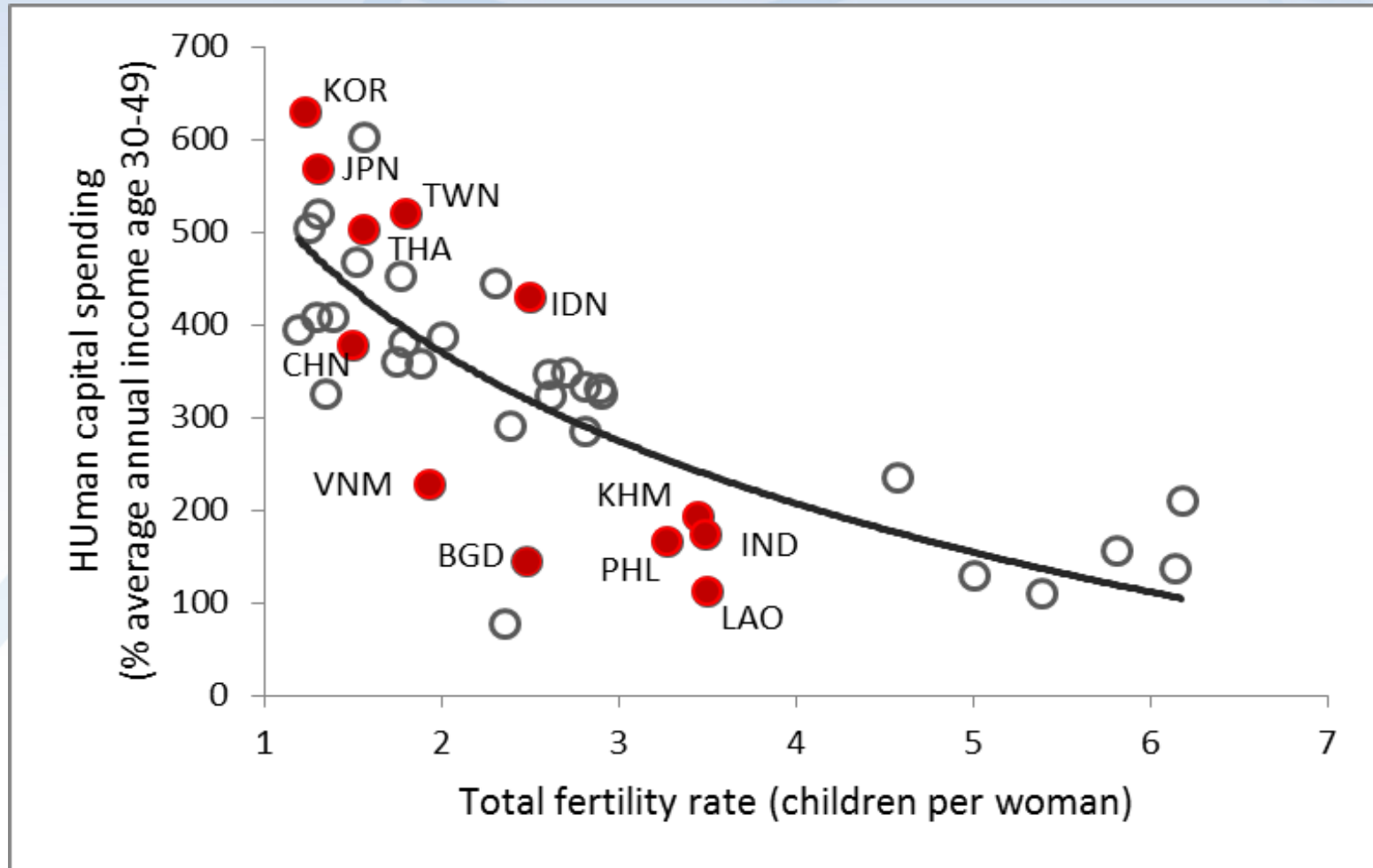
Population change and SDGs

- Demographic dividend has helped Asian countries achieve success in moving toward key SDGs
  - Poverty reduction, expansion of education and health, and gender equity are central to achieving the SDGs.
  - Accept the 2030 agenda!

- But there are areas of improvement
  - Different by region in Asia
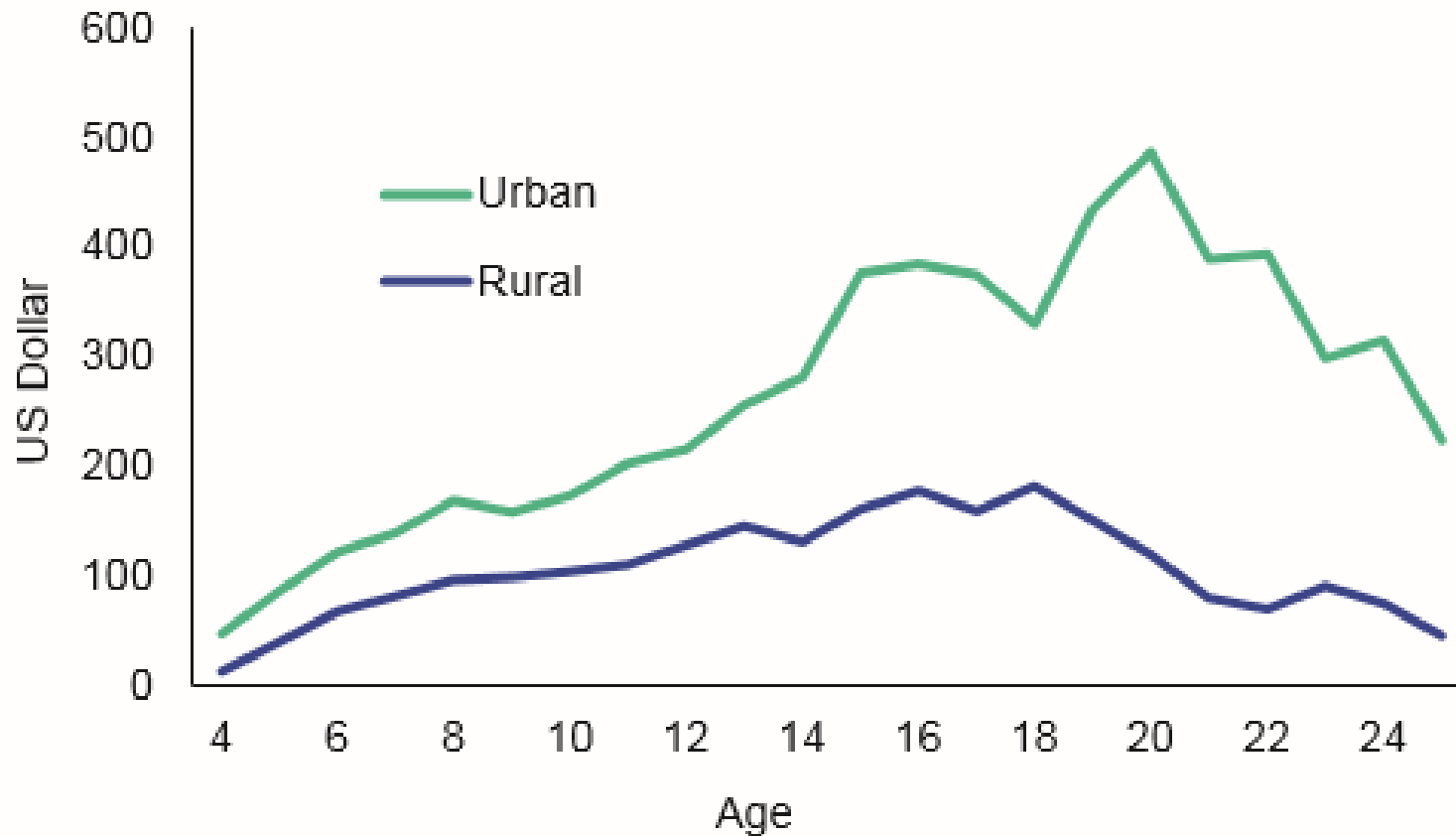
Asia Pacific SDG progress (ESCAP)

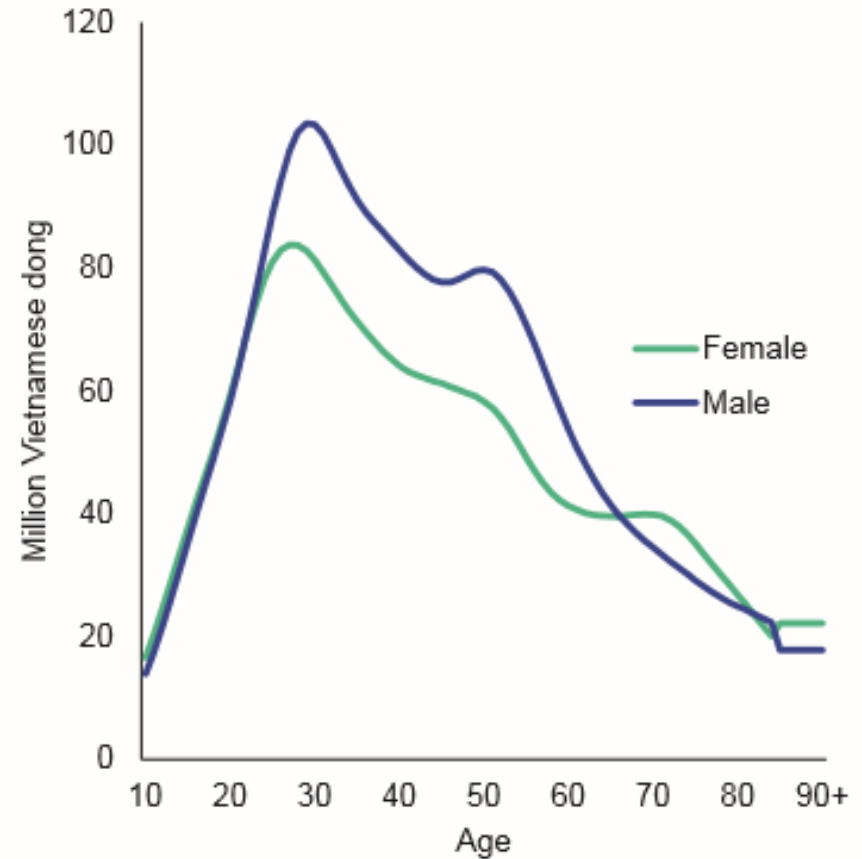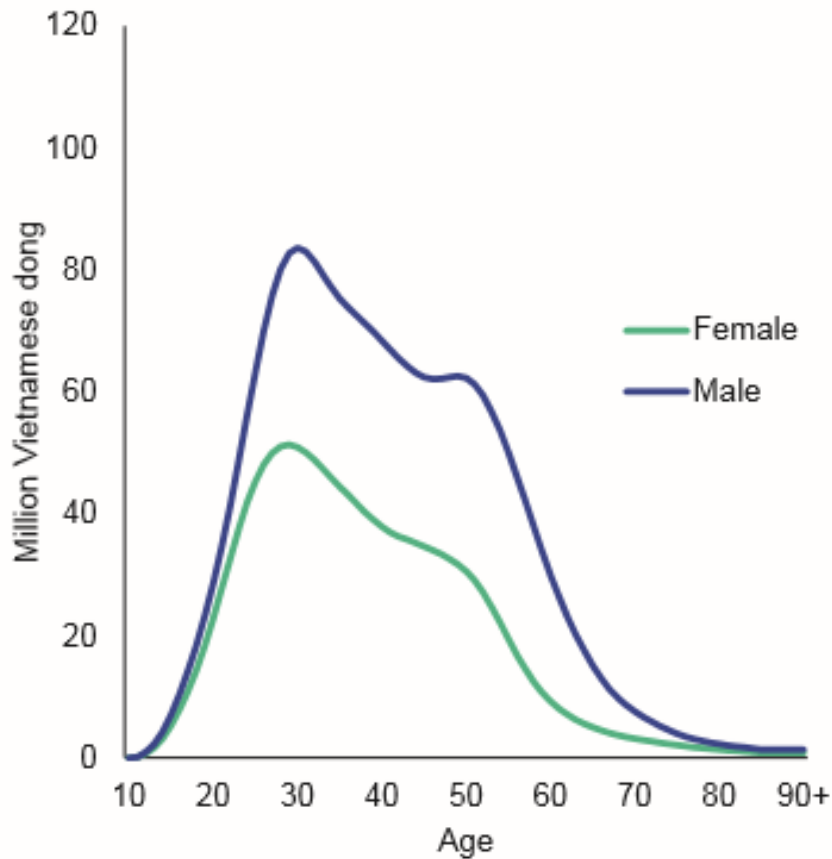Little progress has been made in reducing inequality

Per capita consumption by income level and place of residence: Philippines 2011
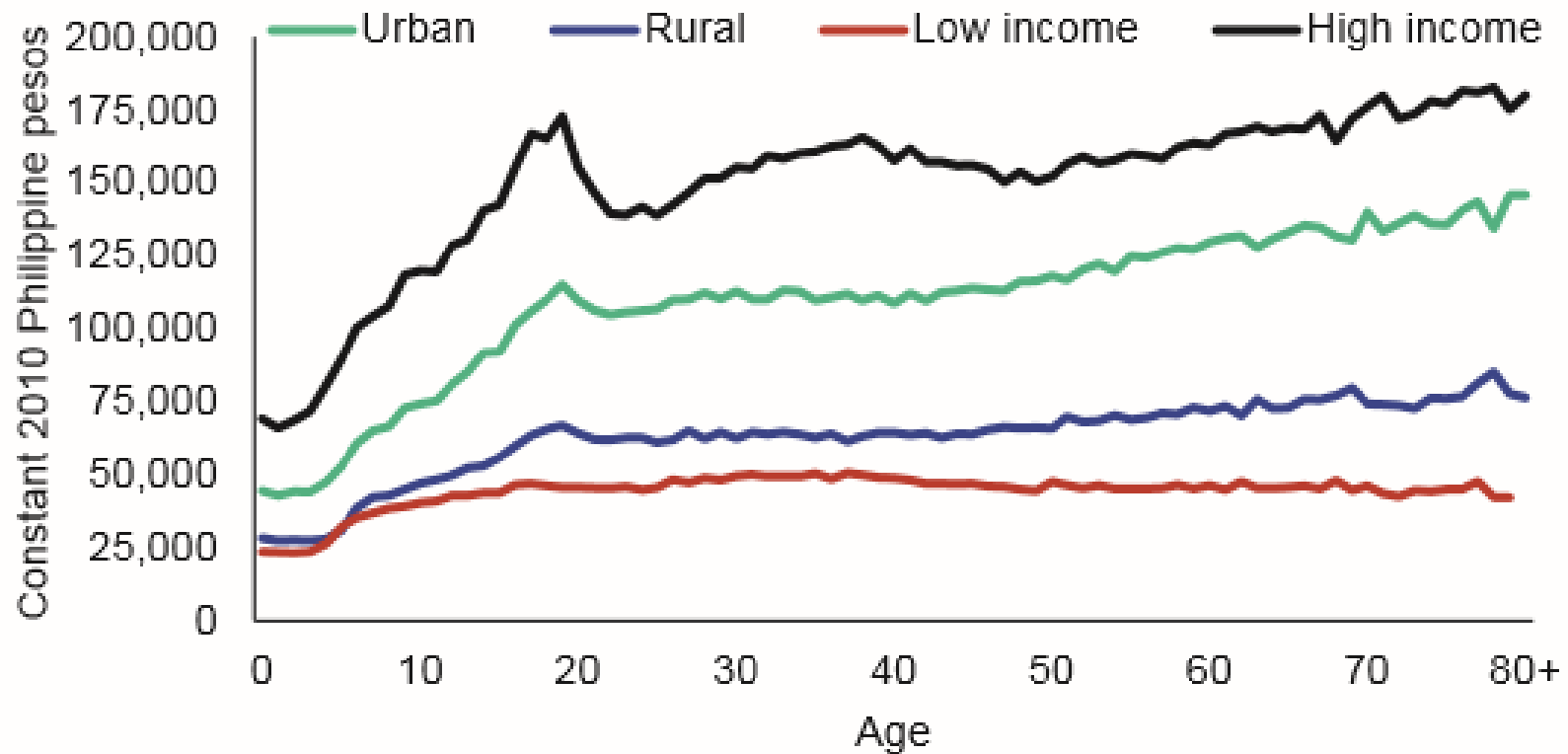
Education spending by place of residence: Timor-Leste 2014-2015

Per capita labor income by gender in Vietnam, excluding (left) and including (right) value of unpaid housework

Policy options for all (Asian) countries

- Some policy principles for all countries:
  - Need to raise the human capabilities of their populations
  - Efficient economic management, minimize corruption, generate jobs
  - Fully unleash the potential of women
  - Plan ahead for aging populations
  - Urbanization and migration issues

Countries with high fertility (Group A)

- **Lowering fertility** has an advantage
  - Trade-off between fertility and human capital
  - Keep children (especially girls) longer in school
  - Improve family planning services to meet unmet need for contraception

- Take advantage of the **demographic dividend**
  - It is just potential: Government policy is important

Countries with near-replacement fertility (Group B)

- **Favorable age structure** – take advantage of demographic dividend

- **Educational challenges** still great
  - High cost per student
  - Role of education in levelling the playing field
  - Older cohorts in labor force poorly educated. How to raise productivity?

- **Policy on aging**

Countries with very low fertility (Group C)

Population decline has its benefits – but governments of these countries are more oriented to the costs

- Contracting labor force

- Aging population

- But too much emphasis on the cost side

Policy priorities

- Raising fertility – balance between work and home

- Utilizing labor force of the elderly

- Role of migration

Research, dissemination, and policy advocacy (recent Asian NTA)