



**EUROPEAN
DEPARTMENT**

Demographic Headwinds in Central and Eastern Europe

*An IMF staff team led by Anna Ilyina, Jaewoo Lee,
Iva Petrova, and Alasdair Scott*

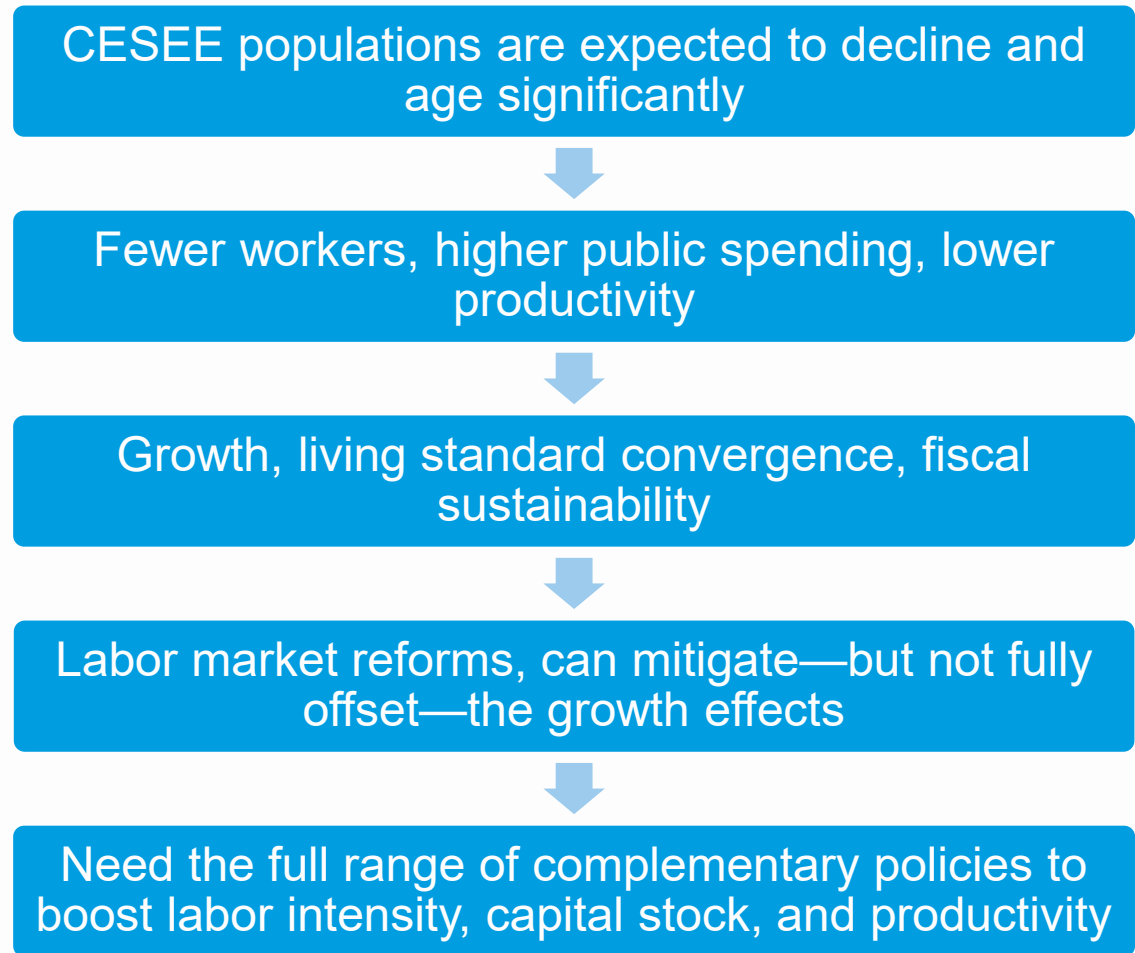
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Demographic Headwinds in Central and Eastern Europe

OCTOBER 21, 2019

Cristina Batog, Ernesto Crivelli, Anna Ilyina, Zoltan Jakab, Jaewoo Lee, Anvar Musayev, Iva Petrova, Alasdair Scott, Anna Shabunina, **Andreas Tudyka**, Xin Cindy Xu, and Ruifeng Zhang

Key messages



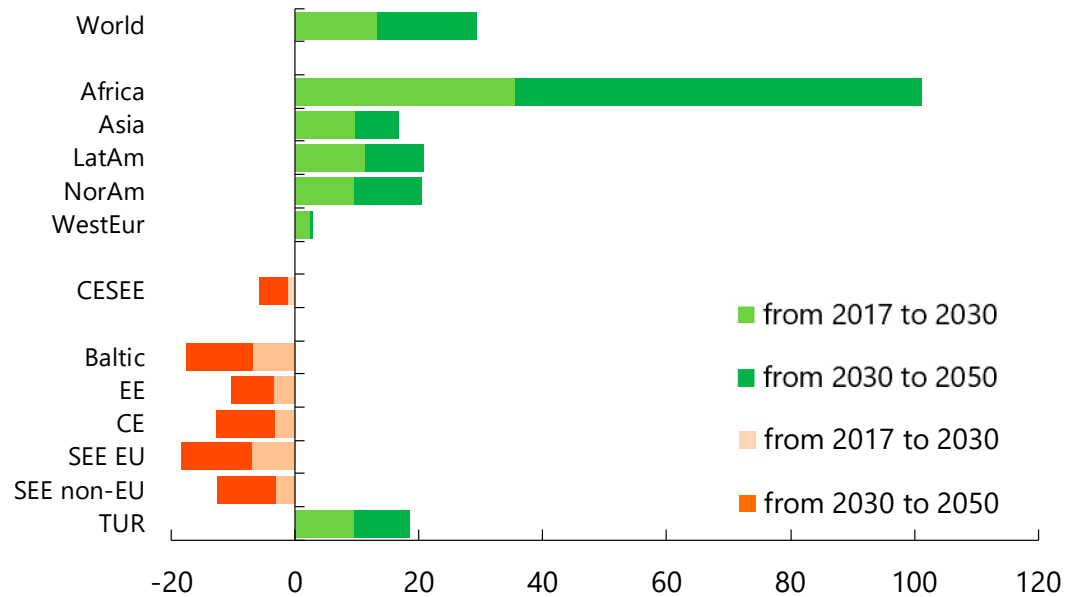
Agenda

1. **Demographic prospects for CESEE countries**
2. Labor supply
3. Public spending on pensions and health care
4. Potential effects on productivity
5. Effects on growth and income convergence
6. Policy priorities

The total population of the CESEE region is projected to decline significantly,...

Total Population Growth

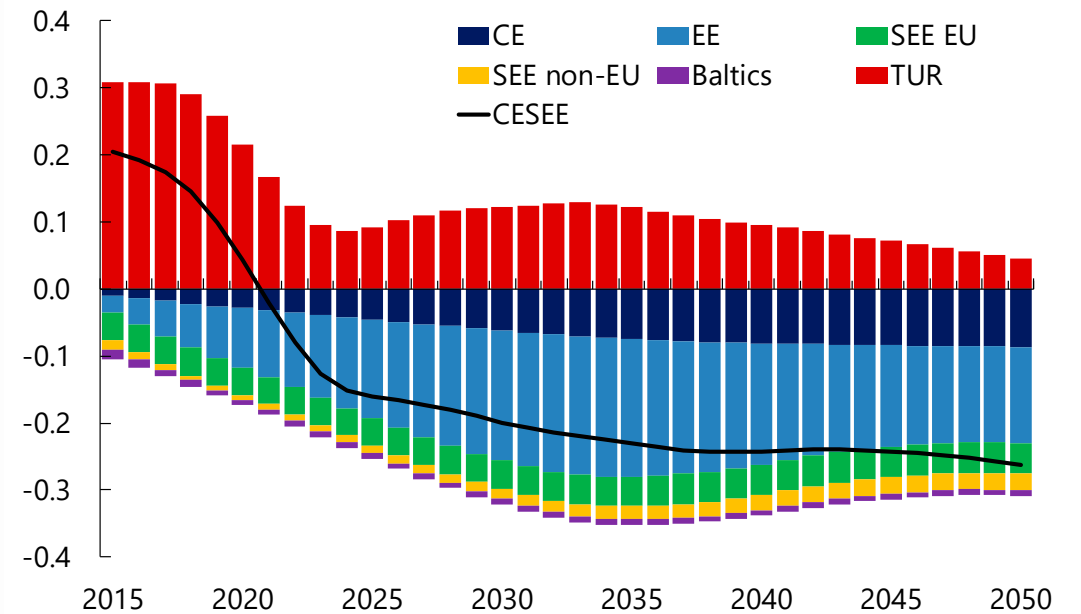
(Percent, over whole period)



Source: United Nations.

Contributions to Total Population Growth

(Year-over-year percent change)

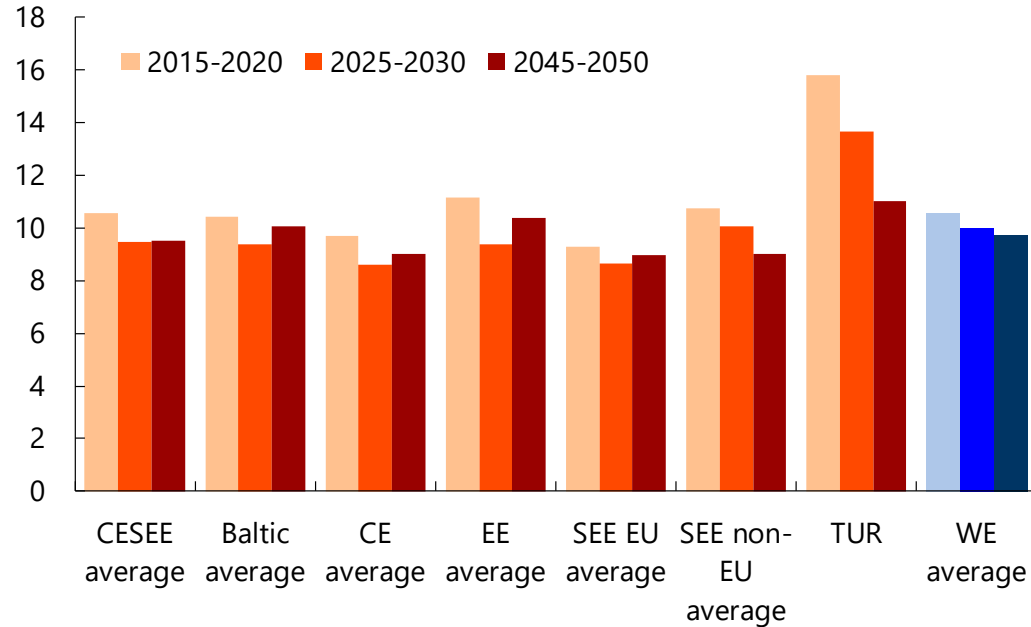


Sources: United Nations, and IMF staff calculations.

...which is largely the consequence of relatively high mortality rates...

Birth Rates

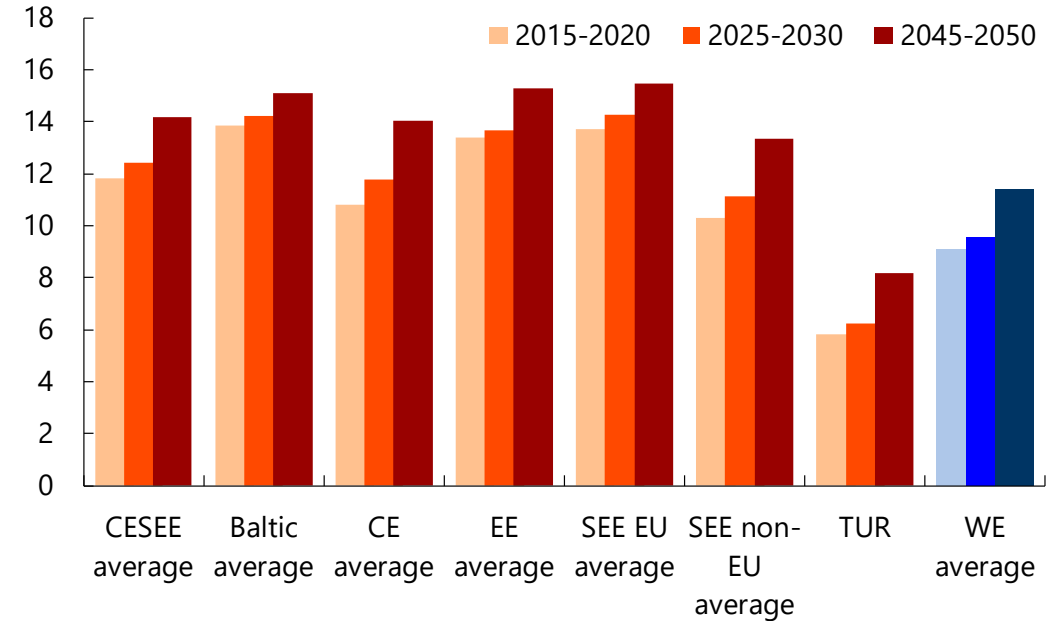
(Live births per 1000 population)



Sources: United Nations, and IMF staff calculations.

Mortality Rates

(Deaths per thousand of population)

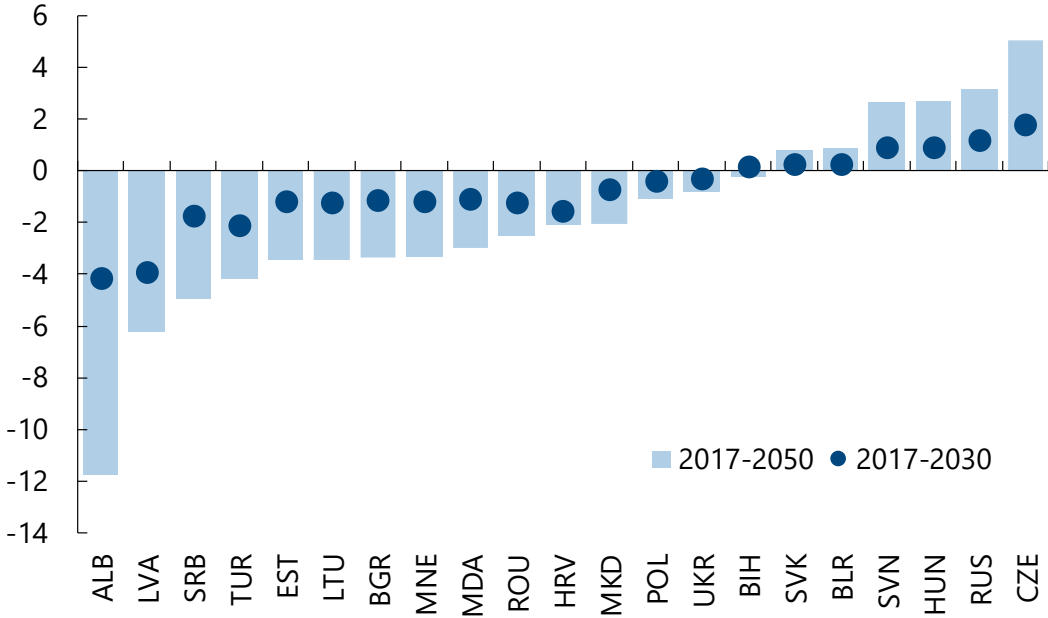


Sources: United Nations, and IMF staff calculations.

...and significant net outward migration

Growth in Population from Migration

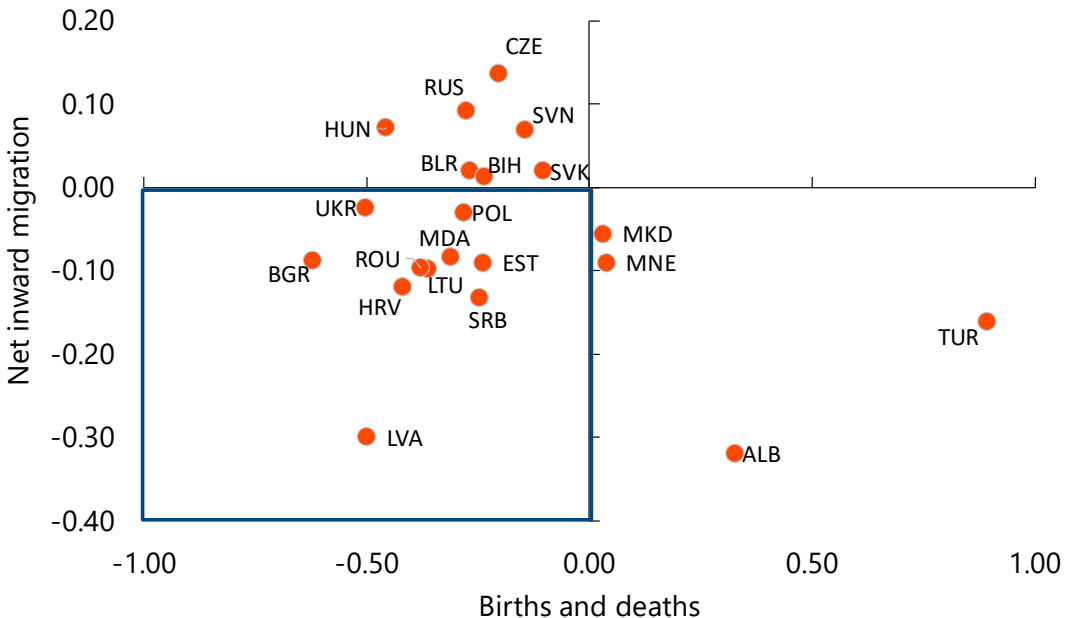
(Percentage points of total population growth)



Sources: United Nations, and IMF staff calculations.

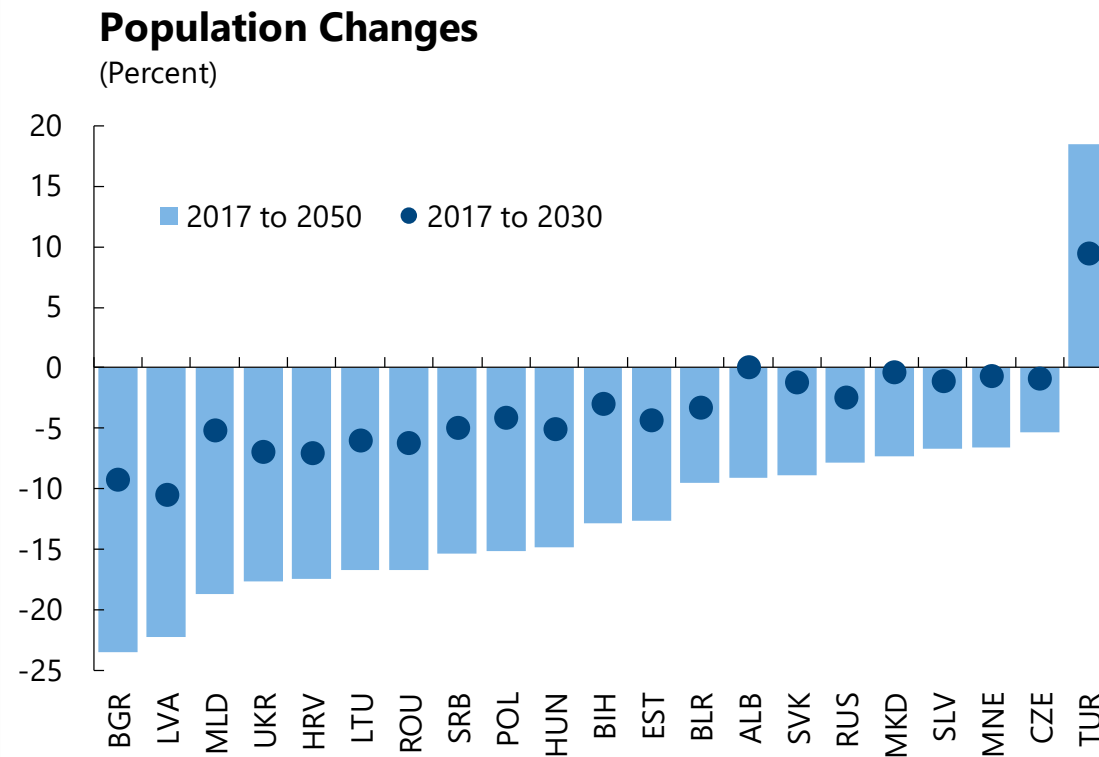
Contributions to Total Population Growth, 2017-2030

(Percent, yearly)



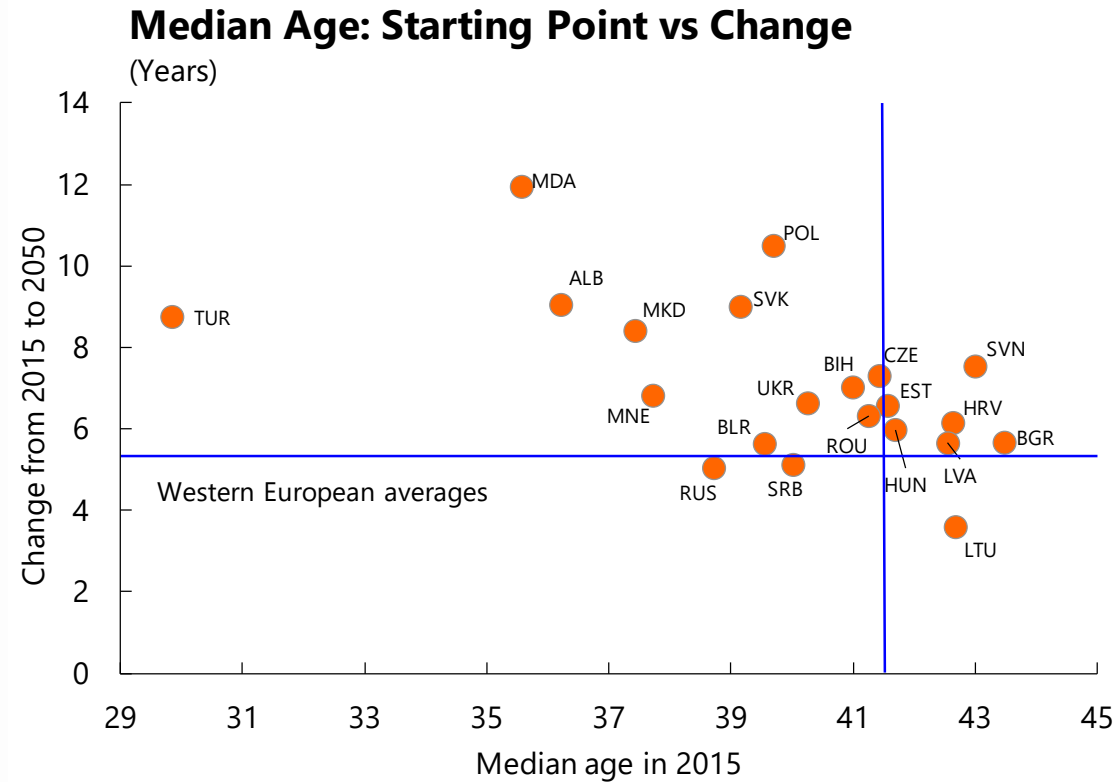
Sources: United Nations, and IMF staff calculations.

Half of CESEE countries are projected to experience population losses of 15 percent between now and 2050



Sources: United Nations, and IMF staff calculations.

In addition, CESEE countries are projected to age more quickly than the Western European average



Sources: United Nations, and IMF staff calculations.

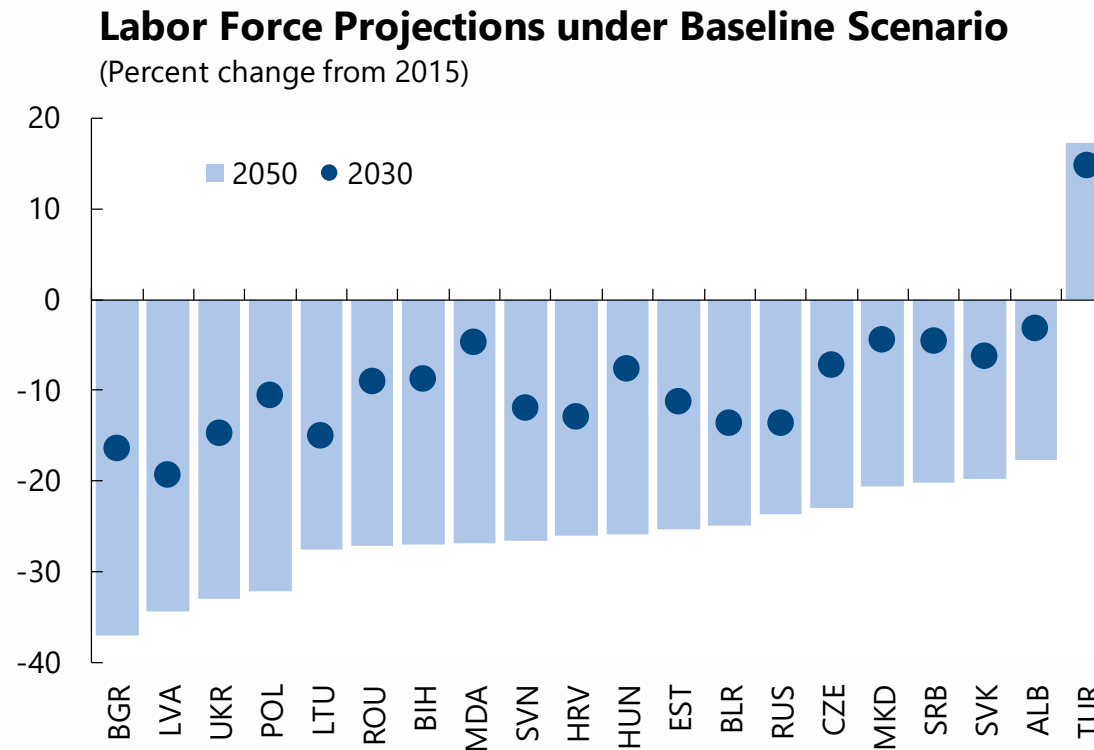
These demographic shifts can have economic implications

- A shrinking labor force could slow potential growth
- An aging labor force could decrease productivity
- Increasing old-age dependence puts pressure on the cost of public services

Agenda

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- 2. Labor supply**
3. Public spending on pensions and health care
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Under current labor market policies, the labor force is projected to decline drastically by 2050

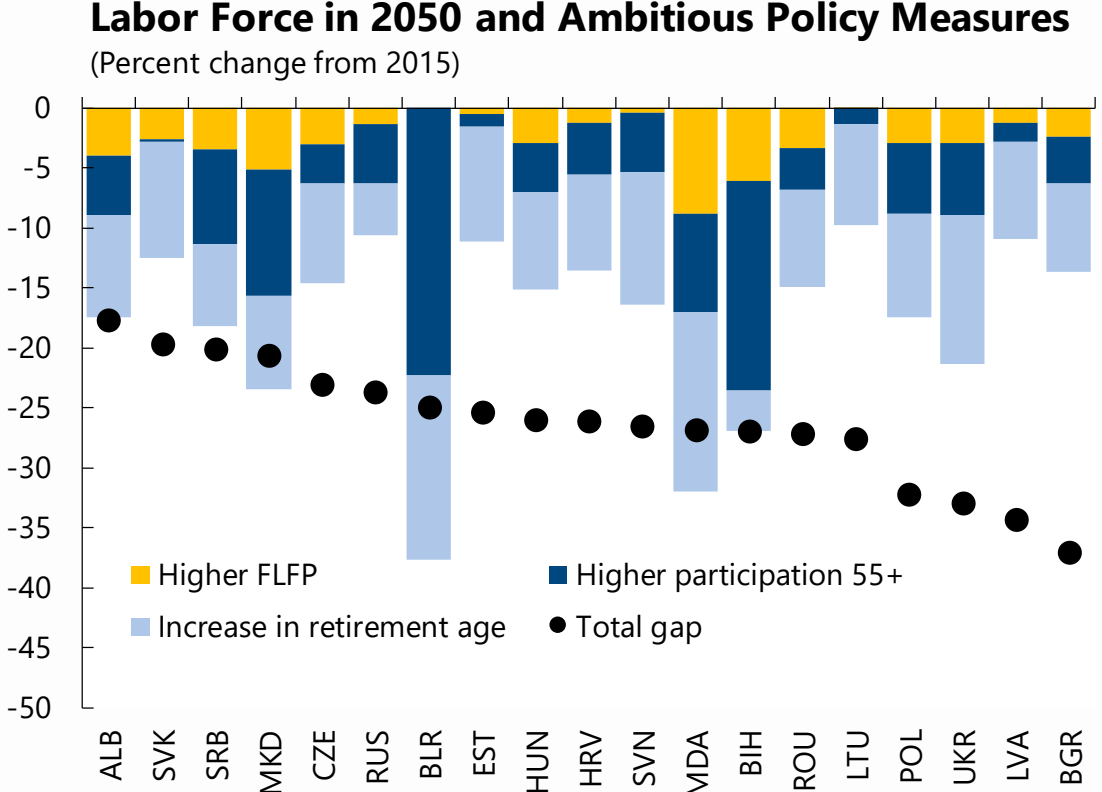


Sources: UN population projections, IMF staff estimates

Two reform scenarios to illustrate the potential impact of policies

- **Moderate reform scenario:** assumes moderately paced annual increases in female and older worker labor force participation rates to the highest Western European rates and retirement age increases in line with life expectancy, but not higher than 67
- **Ambitious reform scenario:** assumes rapid annual increases in female and older worker labor force participation rates to the highest Western European rates and retirement age increases in line with life expectancy, beyond 67

In some countries ambitious reforms would be very powerful – in others less so



Agenda

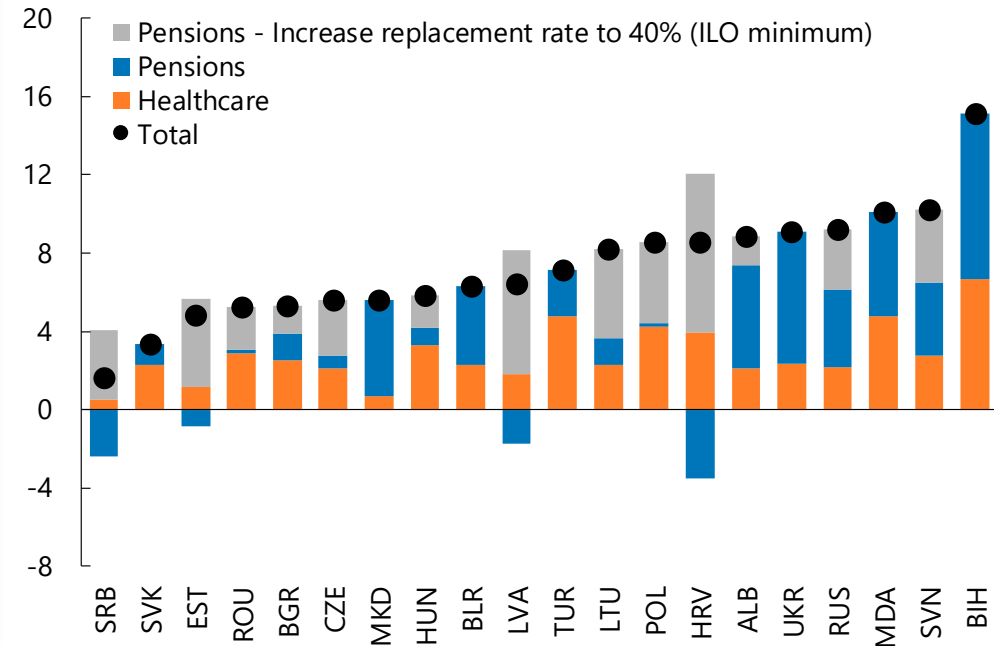
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Pension and healthcare costs are expected to increase by nearly 4 percentage points of GDP by 2050

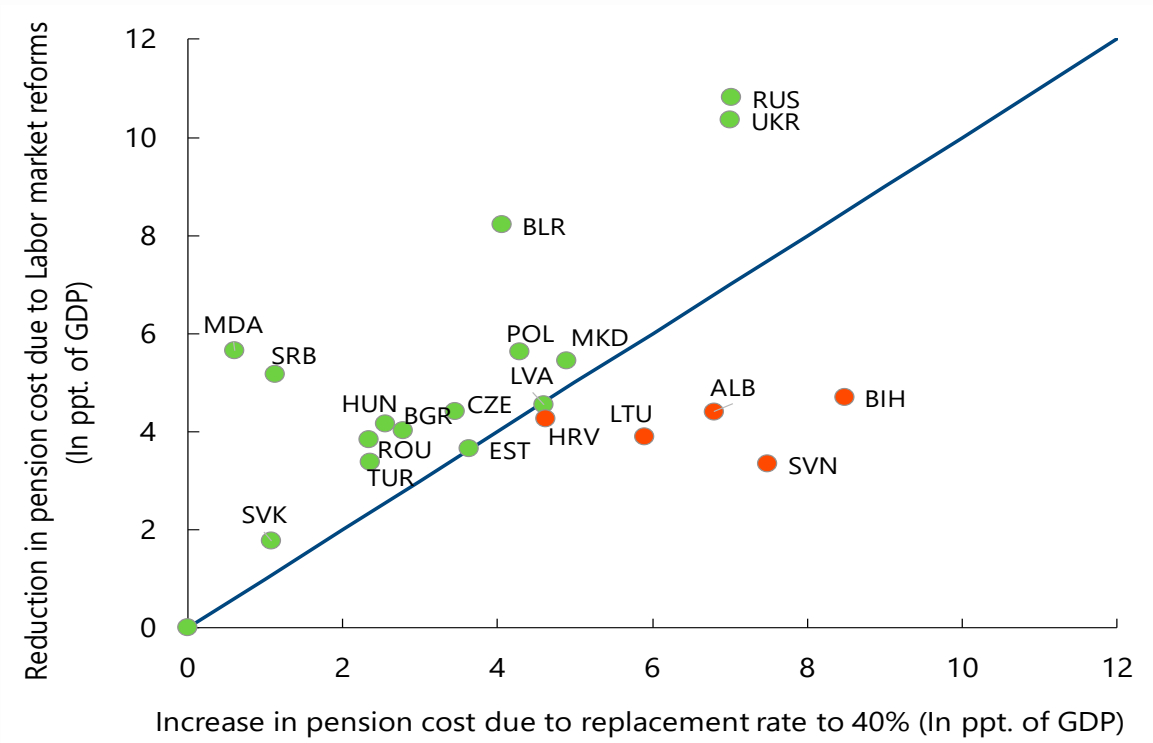
- At current replacement rates which are about 33 percent on average
- Or 7 percentage points at 40 percent replacement rates as recommended by the ILO

Change in Age-related Spending, 2015-2050

(Percent of GDP)



Ambitious labor market reforms with 40% replacement rates would generate savings of nearly 5 pps of GDP



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A priori the impact of an aging workforce on productivity is unknown and externalities play a major role

Positive effects:

- Older workers have more work experience
- Incentives to innovate should increase as skilled labor becomes scarce, increasing the payoffs to automation

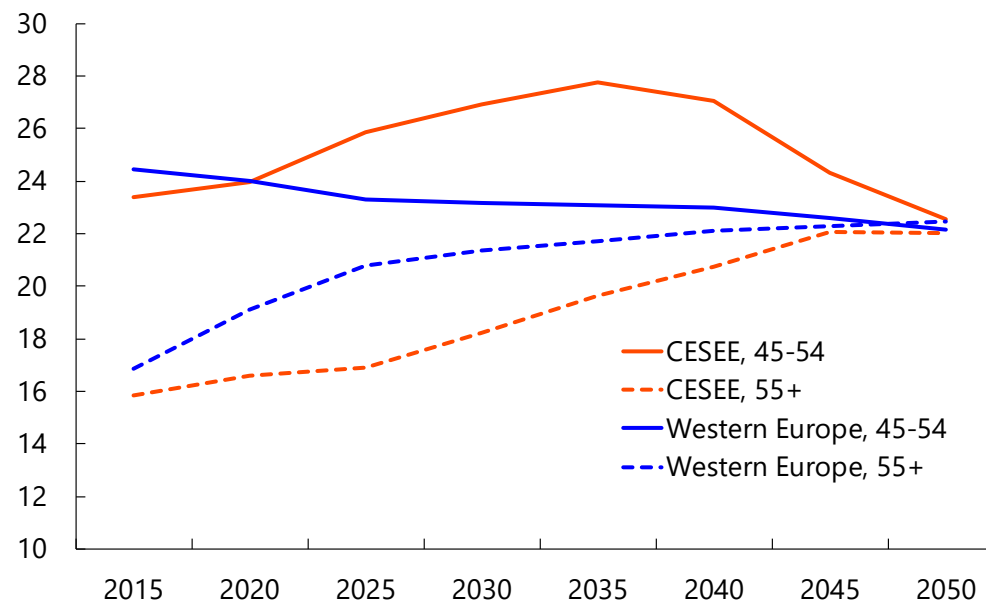
Negative effects:

- Age-related deterioration in physical and mental capabilities and depreciation of knowledge
- Older workers might find it more challenging to adapt to changing job requirements
- Innovation may become less profitable as population growth slows, e.g. by reducing market size
- Aging societies may lose some of their “dynamism” slowing the rate of technological progress
- The entry of new firms and entrepreneurship can slow with the aging of population and workforce

The projected composition of the workforce suggests that productivity growth in CESEE countries is likely to decline

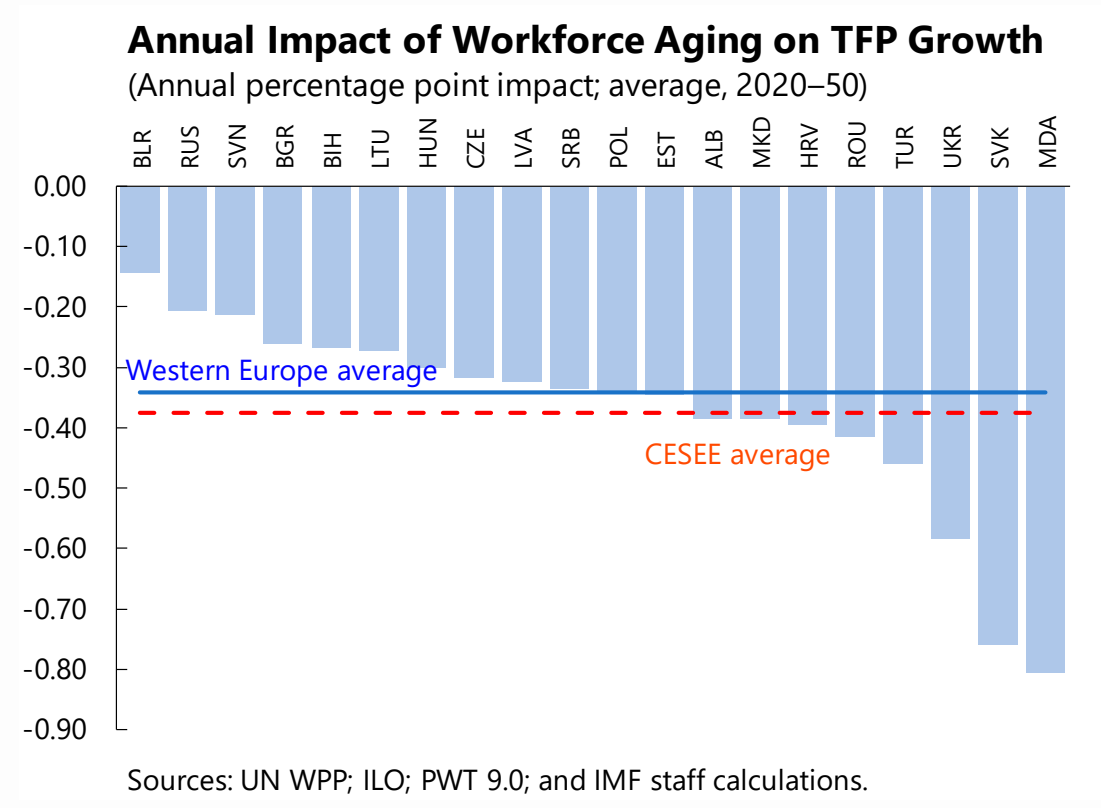
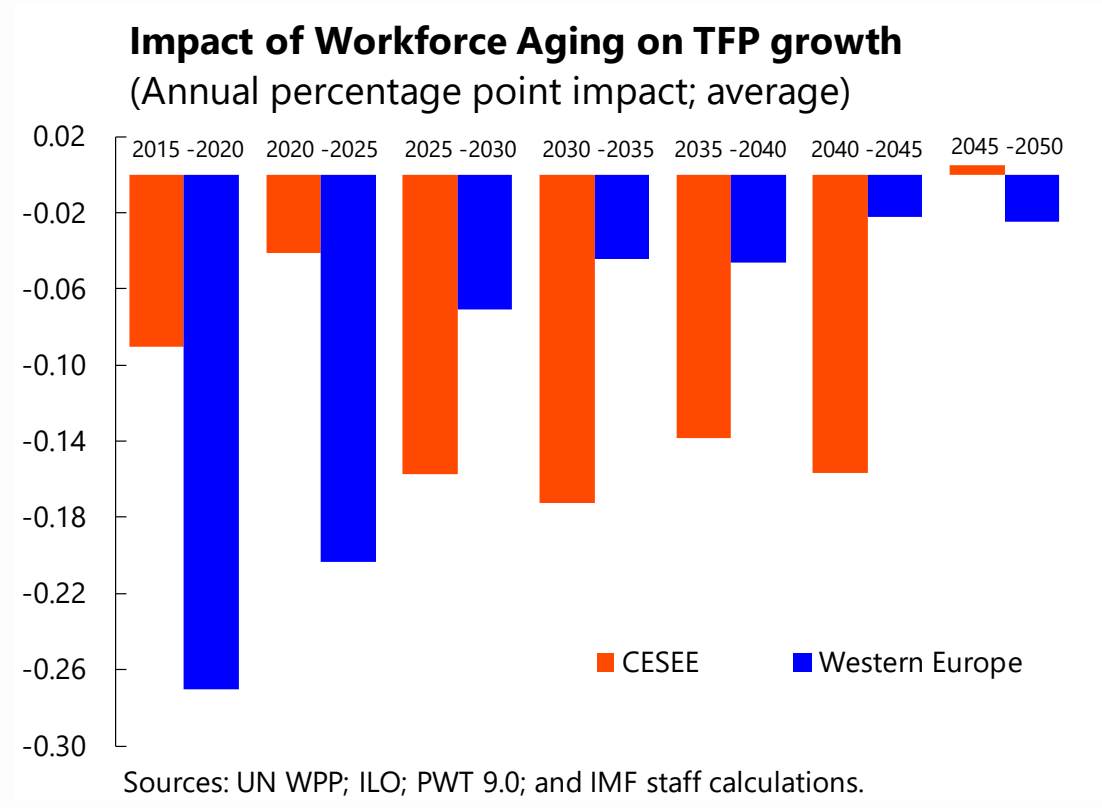
- Empirical question
- A one-percentage-point increase in the share of workers ages 55+ is associated with a **decrease in TFP growth by about 0.6 percentage points** (similar to other findings in the literature)
- Caveats: Statistical uncertainty and past may not be indicative of the future

Average Share of Workers in the Total Workforce, by Age
(In percent)



Sources: UN WPP; ILOSTAT; IMF staff calculations.

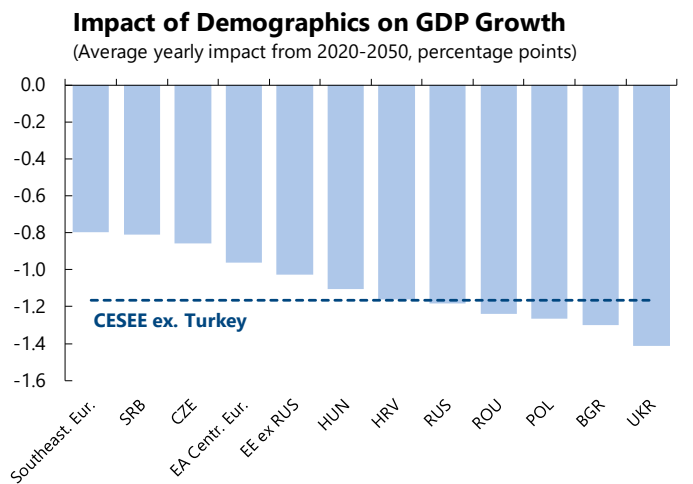
The average annual decrease of TFP growth is 0.38 pps in CESEE and 0.34 pps in Western Europe in 2020–50



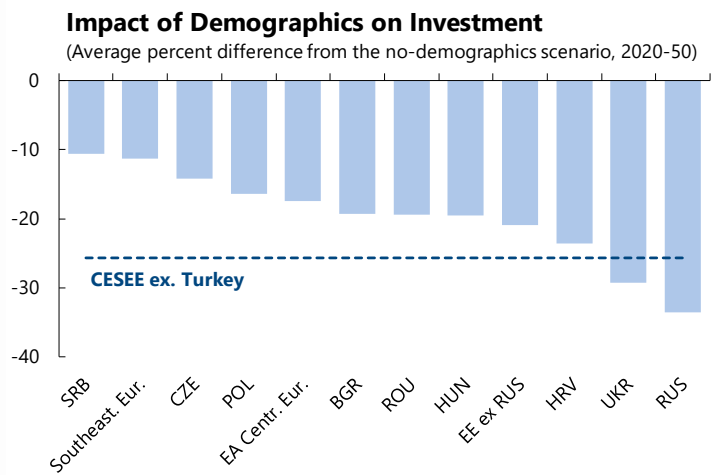
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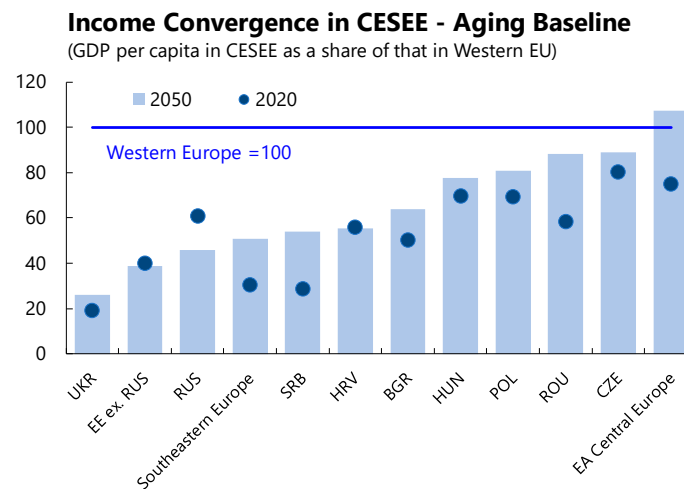
EEUMOD: CESEE average GDP growth lower by about 1.2 pps and GDP levels by 31 percent by 2050



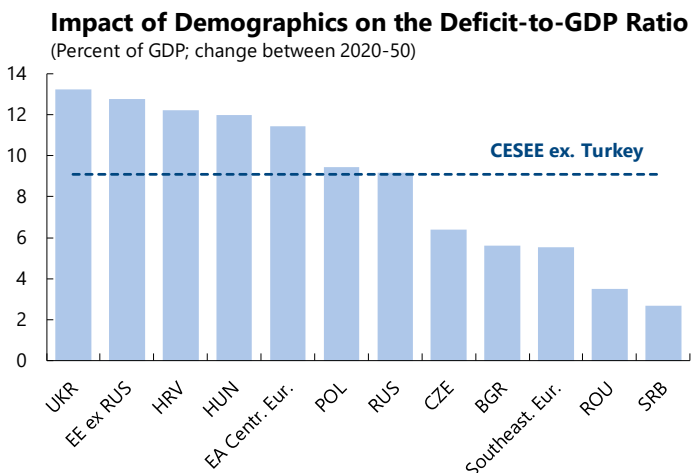
Source: IMF staff estimates.



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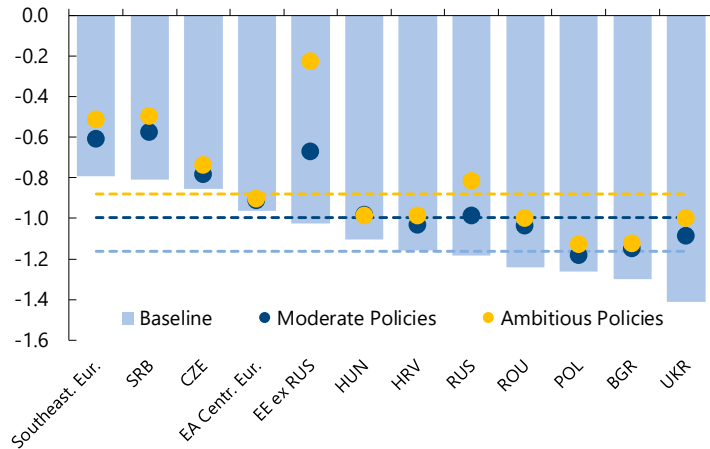


Source: IMF staff estimates.

Moderate and ambitious labor market reforms would improve GDP growth by about 0.2 and 0.4 pps

Impact of Demographics on GDP Growth

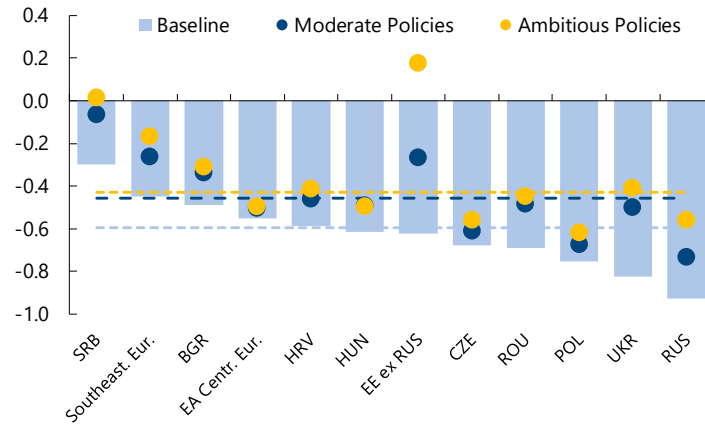
(Average yearly impact from 2020-2050, percentage points)



Source: IMF staff estimates.

Impact of Demographics on GDP Per Capita Growth

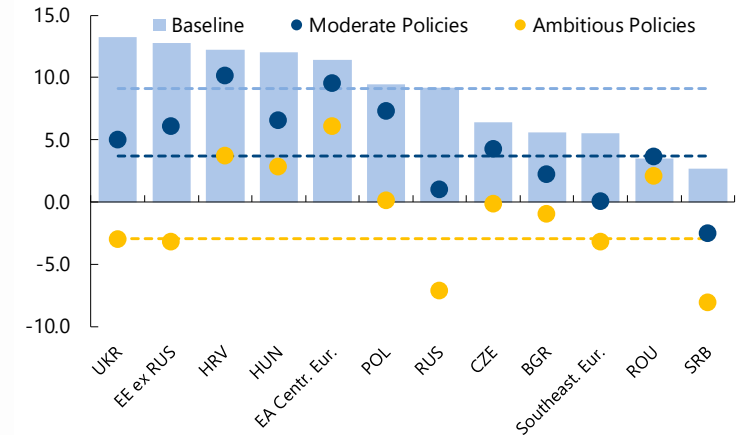
(Average yearly impact from 2020-2050, percentage points)



Source: IMF staff estimates.

Impact of Demographics on Deficit-to-GDP Ratio

(Percent of GDP; change between 2020-50)



Source: IMF staff estimates.

Agenda

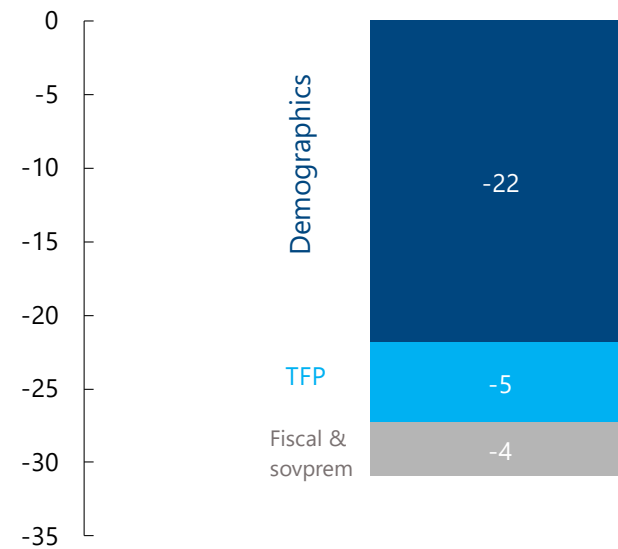
1. Demographic prospects for CESEE countries
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For many countries, the nature of the problem is largely labor-driven,...

- Overall impact in unmitigated scenario is -31 percent of GDP by 2050
- The driving channel is labor (but also capital and productivity)

Impact Channels of Demographics on GDP in CESEE ex TUR

(Percentage points; 2050)



Sources: UN WPP; WEO, PWT; IMF staff calculations.

...but for most CESEE economies, increasing participation rates alone will not fully offset shrinking workforces

Impacts of Labor Market Reforms

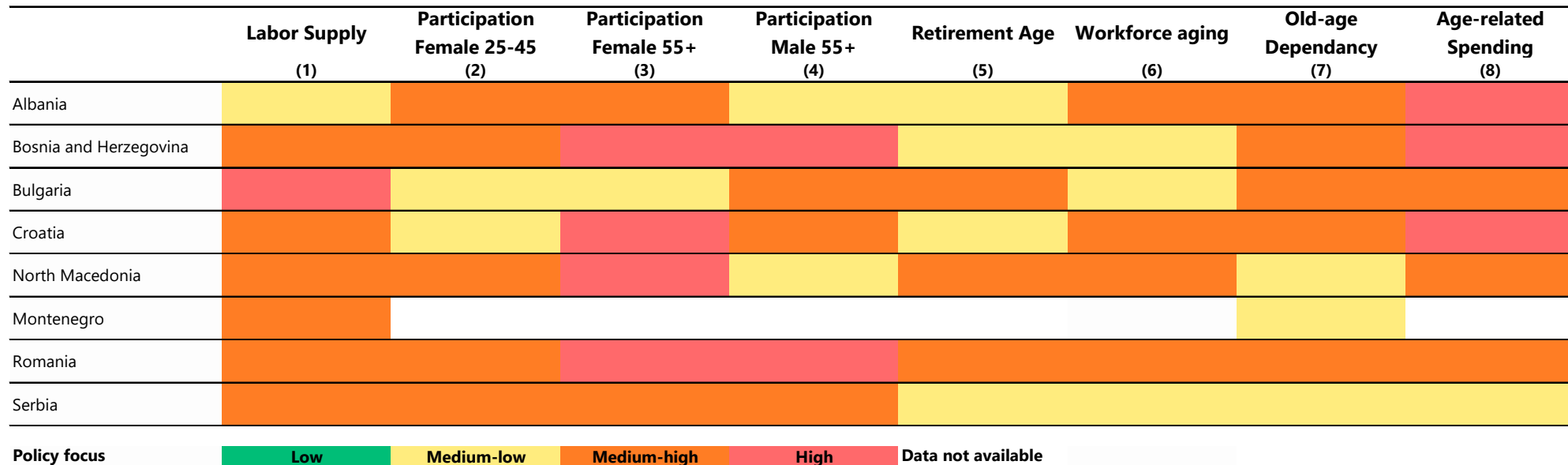
| | Baseline | Moderate labor reforms | Ambitious labor reforms |
|-----------------------|----------|------------------------|-------------------------|
| GDP growth | -1.16 | -1.00 | -0.88 |
| GDP per capita growth | -0.60 | -0.46 | -0.43 |
| GDP | -30.9 | -27.0 | -24.2 |
| GDP per capita | -16.9 | -13.1 | -12.2 |

(Rows 1 and 2: average yearly impact over 2020–50;
rows 3 and 4: level deviation by 2050; percentage points)

This motivates looking at the full range of complementary policy option

- Increase L through boosting **labor intensity**, retaining and attracting **skilled workers**, incl. **foreign workers**, boosting **health** and **life expectancy**;
- Support K through **financial** and **governance** reforms, and preserving public **infrastructure**;
- Boost TFP through **product market reforms**, improving **education** and **training**;
- Ensure fiscal sustainability through raising **retirement ages**, and more **efficient public spending**

Considerable heterogeneity across CESEE countries means different policy priorities for each country



Note:

- (1) Change in labor supply (in percent): Green above 0; Yellow between -20 and 0; Orange between -30 and -20; Red below -30;
- (2) Female LFP ages 25-45 (in percent): Green above 90, Yellow between 77.5 and 90; Orange between 60.5 and 77.5; Red below 60.5;
- (3) Female LFP ages 55-64 (in percent): Green above 63, Yellow between 63 and 52.1; Orange between 35.2 and 52.1; Red below 35.2;
- (4) Male LFP 55-64 (in percent): Green above 77, Yellow between 64.7 and 77; Orange between 54.2 and 64.7; Red below 54.2;
- (5) Retirement age: Green above 67, Yellow between 67 and 65; Orange between 65 and 60; Red below 60;
- (6) Change in share of workforce above 55 years (in percentage points): Green below 3; Yellow between 3 and 6; Orange between 6 and 10; Red above 10;
- (7) Ratio of population above 65 years to population aged 20-64 (in percent): Green below 40, Yellow between 40 and 50; Orange between 50 and 60; Red above 60.
- (8) Increase in age-related spending (in percent of GDP): Green below 0, Yellow between 0 and 4; Orange between 4 and 8; Red above 8.

Thank you!

Additional Slides

Main themes in a nutshell

- The populations of Central, Eastern, and Southeastern European (CESEE) countries (ex Turkey) are expected to decrease and age significantly over the next 30 years.
 - Increasing demands on health care and pension resources
 - Shrinking labor force
 - An aging workforce potentially decreases productivity growth
- Implications for growth, convergence to higher living standards, and fiscal sustainability. Will CESEE grow old before becoming rich?
- Labor market reforms, which will have to be tailored for each country, can mitigate—but not fully offset—the growth effects of shrinking and aging populations, although they could help ease fiscal pressures

Regional Definitions

Central, Eastern, and Southeastern Europe (CESEE): Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Republic of North Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine.¹

Baltic states: Estonia, Latvia, Lithuania.

Central European New Member States (CE): Czech Republic, Hungary, Poland, Slovakia, Slovenia.

Eastern Europe (EE): Belarus, Moldova, Russian Federation, Ukraine.

Southeastern European EU Member States (SEE EU): Bulgaria, Croatia, Romania.

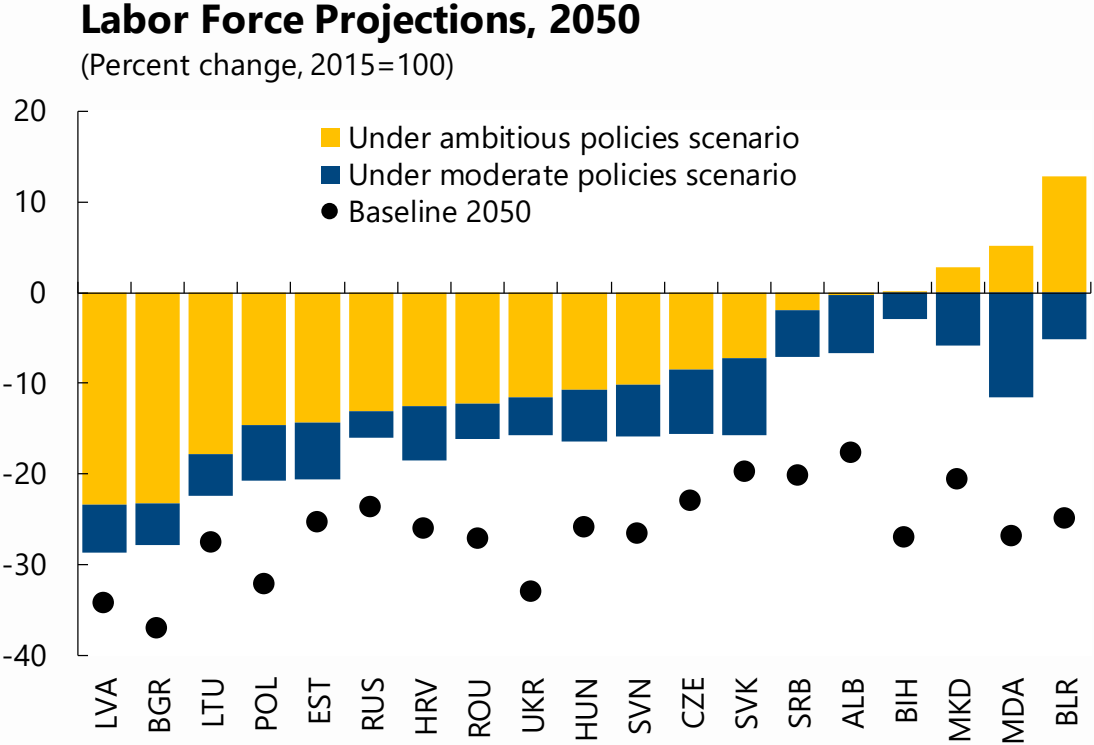
Southeastern European Non-EU Member States (SEE non-EU or Western Balkans): Albania, Bosnia and Herzegovina, Republic of North Macedonia, Montenegro, Serbia.¹

Western Europe (WE): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom.

A declining labor force could be remedied through higher fertility, inward migration or labor force participation

- **Fertility:** There is little evidence that direct financial incentives to boost fertility are effective
- **Inward migration:** Most CESEE countries do not have long-term strategies for inward migration
- **Labor force participation:** There is particular room to improve the participation of older workers and women

In most countries, even ambitious reforms would ultimately be overwhelmed by population changes



Sources: UN population projections, and IMF staff calculations.

Shares of Older Workers (Percent of total workforce)

| Country | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 | 2045 | 2050 |
|-----------|------|------|------|------|------|------|------|------|
| MDA | 18.2 | 19.3 | 17.9 | 18.2 | 20.2 | 23.9 | 30.0 | 31.5 |
| SVK | 15.4 | 15.9 | 16.1 | 18.6 | 22.2 | 25.1 | 27.1 | 27.9 |
| EST | 21.5 | 22.7 | 22.9 | 23.9 | 24.6 | 25.9 | 28.2 | 27.1 |
| LVA | 19.9 | 21.8 | 22.3 | 22.8 | 22.8 | 23.7 | 25.7 | 25.2 |
| ROU | 17.2 | 16.3 | 18.9 | 22.6 | 24.1 | 23.8 | 25.2 | 24.0 |
| LTU | 19.4 | 21.6 | 21.9 | 22.0 | 21.0 | 20.6 | 21.9 | 23.8 |
| BGR | 19.2 | 19.1 | 19.6 | 21.6 | 23.6 | 23.8 | 24.8 | 23.4 |
| ALB | 16.6 | 18.5 | 18.2 | 18.2 | 18.4 | 19.8 | 20.9 | 23.0 |
| CZE | 17.1 | 17.0 | 17.8 | 21.1 | 24.5 | 23.9 | 23.3 | 22.3 |
| HRV | 15.2 | 15.7 | 15.4 | 16.8 | 18.4 | 19.6 | 20.0 | 21.7 |
| SRB | 16.0 | 16.1 | 16.9 | 18.6 | 19.7 | 20.2 | 21.2 | 21.6 |
| UKR | 11.8 | 17.2 | 16.7 | 17.4 | 19.0 | 21.3 | 23.1 | 21.4 |
| POL | 15.6 | 14.7 | 14.1 | 15.3 | 17.8 | 20.6 | 21.5 | 21.2 |
| MKD | 14.5 | 15.0 | 15.7 | 16.3 | 17.5 | 19.3 | 20.5 | 20.9 |
| HUN | 15.6 | 14.5 | 15.9 | 18.5 | 21.1 | 20.2 | 19.6 | 20.5 |
| RUS | 15.6 | 16.6 | 15.4 | 16.1 | 17.1 | 18.8 | 20.7 | 19.0 |
| BIH | 13.1 | 14.1 | 13.9 | 14.4 | 15.1 | 15.9 | 16.8 | 17.5 |
| TUR | 9.4 | 10.4 | 11.5 | 12.8 | 14.1 | 15.4 | 16.3 | 17.0 |
| SVN | 12.8 | 14.3 | 15.8 | 16.6 | 18.0 | 18.5 | 18.0 | 16.3 |
| BLR | 12.5 | 13.4 | 12.6 | 12.5 | 13.1 | 14.7 | 16.2 | 14.9 |
| Avg CESEE | 15.8 | 16.7 | 17.0 | 18.2 | 19.6 | 20.8 | 22.0 | 22.0 |
| Avg WE | 16.9 | 19.1 | 20.8 | 21.3 | 21.7 | 22.1 | 22.3 | 22.5 |

Sources: ILOSTAT, UN WPP ; and IMF staff calculations.

Note: Older workers are defined as workers aged 55 years or older. Data labels use International Organization for Standardization (ISO) codes. CESEE = Central, Eastern, and Southeastern Europe; WE = Western Europe.

Old-Age Dependency Ratio (65+/(20 – 64))

| Country | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 | 2045 | 2050 |
|-----------|------|------|------|------|------|------|------|------|
| SVN | 28.8 | 35.0 | 41.1 | 46.7 | 51.8 | 55.9 | 61.8 | 66.8 |
| POL | 24.3 | 30.0 | 36.4 | 39.3 | 41.2 | 44.8 | 51.4 | 60.8 |
| CZE | 28.8 | 34.0 | 37.1 | 39.1 | 41.1 | 46.7 | 54.5 | 58.9 |
| HRV | 31.2 | 35.3 | 39.8 | 43.7 | 45.8 | 49.2 | 53.0 | 57.4 |
| EST | 31.0 | 35.0 | 39.2 | 42.3 | 44.5 | 48.1 | 51.5 | 56.3 |
| BGR | 32.6 | 36.2 | 39.2 | 41.0 | 42.8 | 46.5 | 51.4 | 54.9 |
| SVK | 21.5 | 26.5 | 31.4 | 35.2 | 37.5 | 41.4 | 47.7 | 53.9 |
| BIH | 24.9 | 28.5 | 33.3 | 39.1 | 42.6 | 46.3 | 49.6 | 53.2 |
| ROU | 27.4 | 31.7 | 35.3 | 35.2 | 40.3 | 45.1 | 50.7 | 52.7 |
| HUN | 27.9 | 33.3 | 36.6 | 37.0 | 39.0 | 43.7 | 50.0 | 52.4 |
| LVA | 31.5 | 34.7 | 39.0 | 42.4 | 44.3 | 47.0 | 48.9 | 52.3 |
| ALB | 20.6 | 23.4 | 29.0 | 35.6 | 40.1 | 43.6 | 46.6 | 51.0 |
| LTU | 30.7 | 32.4 | 36.7 | 42.2 | 45.3 | 47.6 | 47.7 | 47.9 |
| UKR | 24.7 | 27.9 | 31.6 | 34.6 | 35.5 | 37.6 | 41.1 | 46.8 |
| MNE | 22.8 | 27.0 | 31.0 | 34.9 | 36.8 | 39.3 | 42.3 | 46.6 |
| MKD | 19.5 | 22.9 | 26.5 | 30.2 | 33.8 | 36.8 | 40.6 | 45.8 |
| SRB | 26.8 | 31.8 | 34.3 | 35.9 | 37.3 | 39.6 | 42.6 | 45.3 |
| BLR | 22.2 | 25.1 | 30.2 | 34.5 | 36.1 | 37.6 | 39.6 | 43.8 |
| RUS | 20.7 | 25.1 | 30.1 | 34.1 | 33.4 | 34.2 | 36.0 | 40.0 |
| MDA | 14.5 | 18.9 | 23.0 | 27.2 | 27.9 | 29.4 | 32.9 | 39.9 |
| TUR | 13.4 | 14.9 | 17.3 | 20.2 | 23.3 | 27.2 | 31.6 | 36.2 |
| Avg CESEE | 25.0 | 29.0 | 33.2 | 36.7 | 39.1 | 42.3 | 46.3 | 50.6 |
| Avg WE | 30.6 | 33.6 | 37.5 | 42.1 | 46.7 | 50.3 | 53.0 | 55.2 |

Sources: ILOSTAT, UN WPP ; and IMF staff calculations.

Note: Older workers are defined as workers aged 55 years or older. Data labels use International Organization for Standardization (ISO) codes. CESEE = Central, Eastern, and Southeastern Europe; WE = Western Europe.

Baseline Pension and Health Care Projections

$$\frac{PE}{GDP} = \frac{\frac{PE}{\text{pensioners}}}{\frac{GDP}{\text{workers}}} \times \frac{\text{pensioners}}{\text{pop65+}} \times \frac{\text{pop15-64}}{\text{workers}} \times \frac{\text{pop65+}}{\text{pop15-64}}$$

1. Replacement rate
2. Coverage Ratio
3. Inverse LFP
4. Old-age dependency ratio

$$\frac{HE}{GDP} = \frac{\frac{HE_{0-64}}{\text{pop 0-64}}}{\frac{GDP}{\text{workers}}} \times \frac{\text{pop0-64}}{\text{workers}} \times \left(1 + \alpha \times \frac{\text{pop 65+}}{\text{pop 0-64}} \right); \text{ where } \alpha = \frac{\frac{HE_{65+}}{\text{Popul 65+}}}{\frac{HE_{0-64}}{\text{Popul 0-64}}}$$

1. Generosity of health care package for the young
2. Inverse of LFP
3. Ratio of the per capita health spending for the older population to the per capita health spending for the young (α) and the old-age dependency ratio

A one-percentage-point increase in the share of workers ages 55+ is associated with a decrease in TFP growth by about 0.6 percentage points

$$\Delta \log YL_{it} = \alpha_i + \gamma_t + \sum_s \beta_s w_{sit} + \delta yadr_{it} + \varphi oadr_{it} + \varepsilon_{it}$$

| Variables | (1) Labor Productivity | (2) TFP | (3) Human Capital | (4) Capital-Output Ratio ¹ | (5) Labor Productivity | (6) TFP | (7) Human Capital | (8) Capital-Output Ratio ¹ |
|---------------------------------------|------------------------------|-------------------------------------|-------------------------|---------------------------------------------|------------------------------|-----------------------|-------------------------|---------------------------------------------|
| Share of Workers in 45–54 Age Cohort | | | | | 0.205 (1.565) | 0.238** (2.003) | –0.0216 (–1.051) | –0.113** (–2.254) |
| Share of Workers older than 55 years | –0.731*** (–4.006) | –0.608*** (–3.563) | –0.0142 (–0.461) | 0.291*** (3.931) | –0.810*** (–4.254) | –0.687*** (–4.115) | –0.00477 (–0.170) | 0.335*** (4.457) |
| Old-age Dependency Ratio | 0.224 (0.670) | 0.149 (0.441) | –0.0162 (–0.390) | –0.209 (–1.605) | 0.309 (0.923) | 0.239 (0.740) | –0.0260 (–0.664) | –0.258** (–2.020) |
| Young-age Dependency Ratio | 0.0337 (0.924) | –0.00976 (–0.227) | –0.00437 (–0.425) | –0.0364*** (–2.847) | 0.0680* (1.709) | 0.0334 (0.756) | –0.00791 (–0.672) | –0.0551*** (–4.175) |
| Observations | 4,150 | 2,883 | 3,585 | 4,152 | 4,150 | 2,883 | 3,585 | 4,152 |
| Number of Countries | 167 | 116 | 144 | 167 | 167 | 116 | 144 | 167 |
| Country Fixed Effects | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Time Dummies ² | Yes* | Yes* | Yes* | Yes* | Yes* | Yes* | Yes* | Yes* |
| Anderson Correlations LR Test p-value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Staff calculations.

Note: Robust z-statistics in parentheses. *** p < 0.01; ** p < 0.05; * p < 0.1. TFP = total factor productivity.

¹ Adjusted by $\alpha/(1 - \alpha)$.

² Time dummies for years 1990–95; 1998/99; 2008/09.

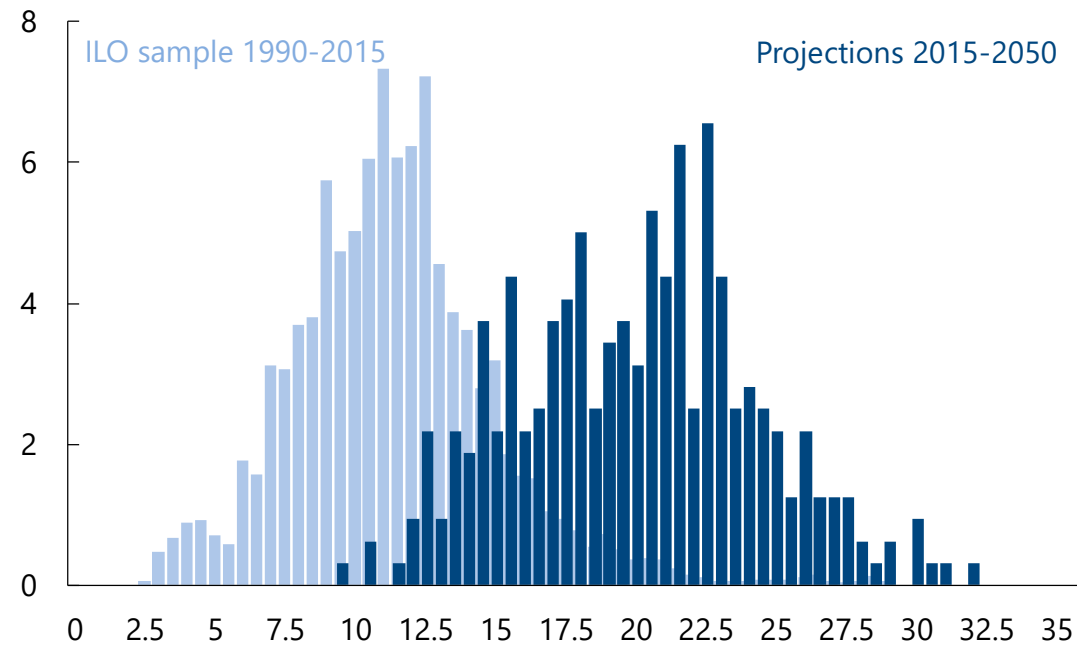
The Europe-oriented version (EEUMOD) of the IMF's Flexible System of Global Models

- Nine individual Central, Eastern, and Southeastern European countries and six Central, Eastern, and Southeastern European country blocks.
- Countries modeled individually are Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Russia, Serbia, and Ukraine.
- The country blocks are the remainder of Eastern Europe (Belarus and Moldova); Central European Euro Area (Estonia, Latvia, Lithuania, Slovakia, Slovenia); Southeastern Europe (Albania, Bosnia and Herzegovina, Republic of North Macedonia, Montenegro); two euro area blocks (Austria, Belgium, Germany, Finland, France, Ireland, Netherlands, Portugal, Luxembourg, Malta; Greece, Italy, Spain, and Cyprus); and an Other European Union block (Denmark, Sweden, the United Kingdom).
- The rest of the world is split into the United States, China, Japan, Turkey, and aggregated blocks for Emerging Asia, Latin America, Other Advanced Countries, Oil Exporters, and Remaining Countries.

Although the distributions of older worker shares overlap, the historical distribution might not adequately capture the dynamics relevant for future workforce aging and TFP growth.

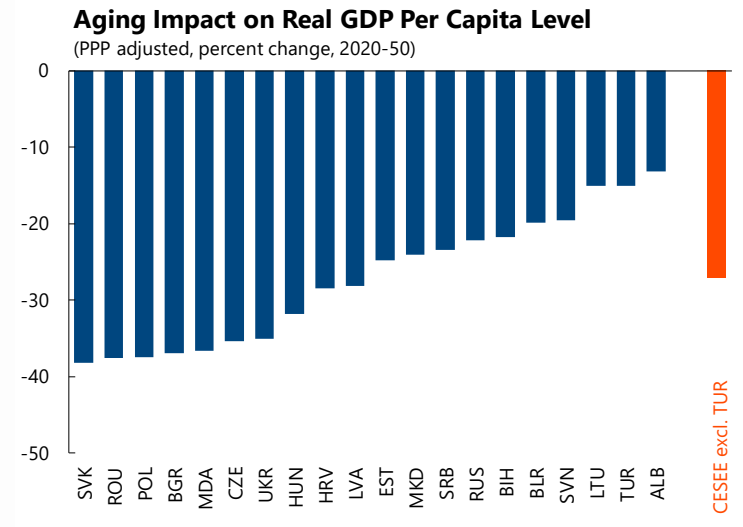
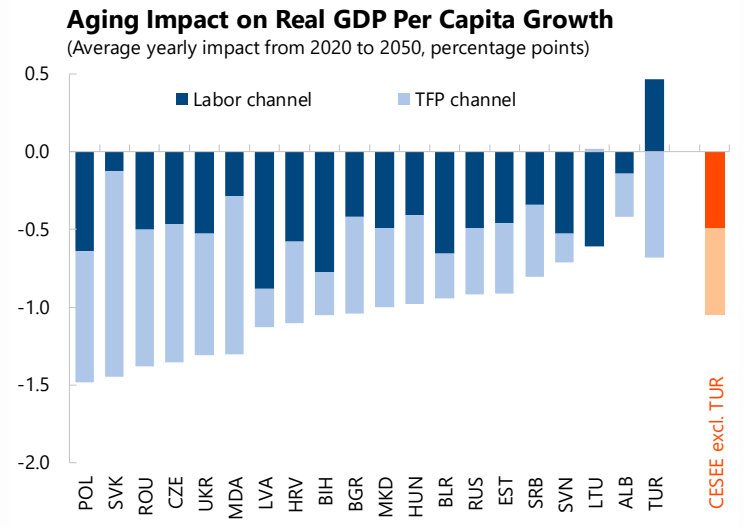
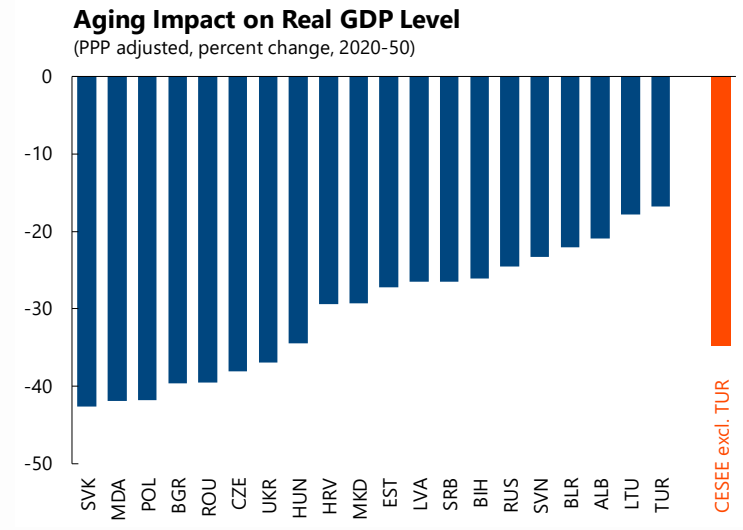
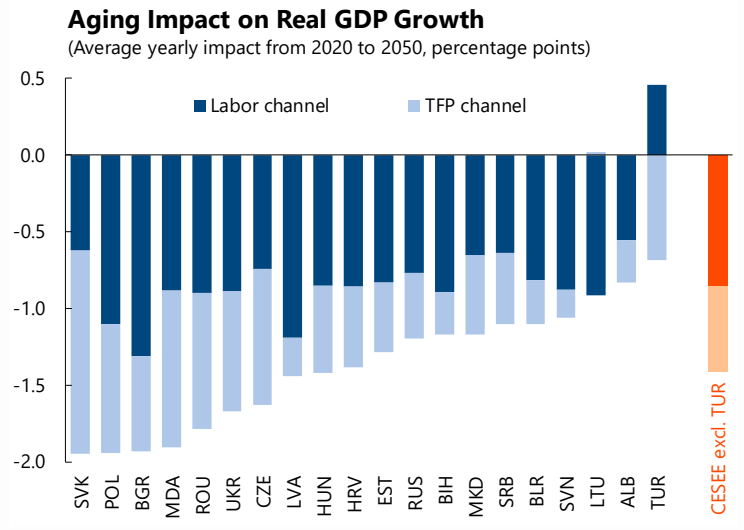
Distributions of Older Worker Shares

(In percent of total workforce)

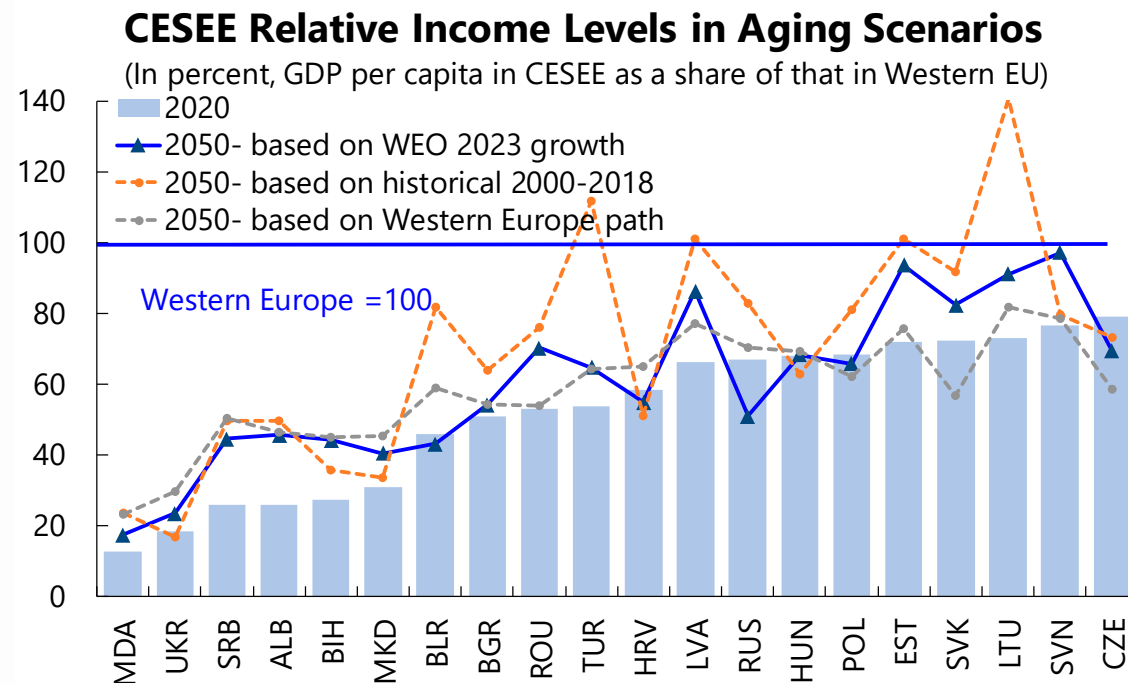


Sources: UN WPP; ILO; PWT 9.0; and IMF staff calculations.

Production function: CESEE average GDP growth lower by about 1.4 pps and GDP levels by 35 percent by 2050



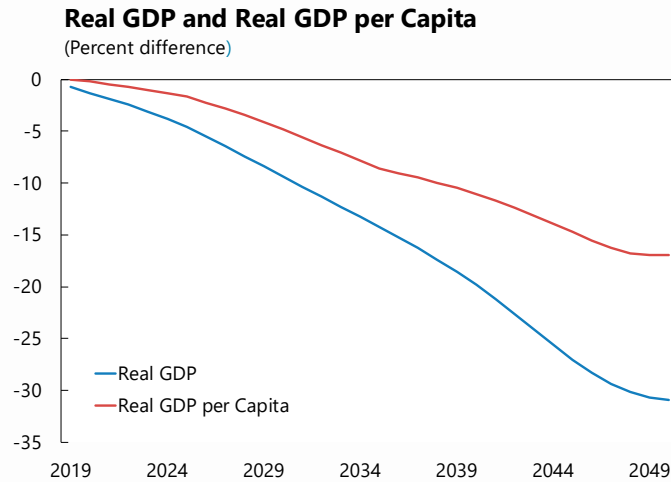
Production function: CESEE GDP per capita would still increase from 52 to 60 percent of WE average by 2050



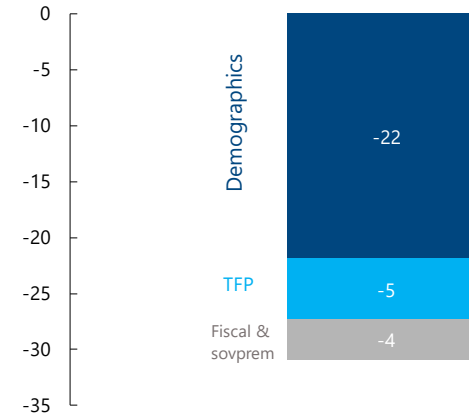
Sources: UN WPP; WEO; and IMF staff calculations.

1/ The exercise explores three sets of "no-aging" growth rates: i) the WEO projected 2023 potential growth; ii) the historical average growth of individual countries during 2000-2018; iii) the historical average growth of the respective Western European country group (devided into two income groups) at a similar income level

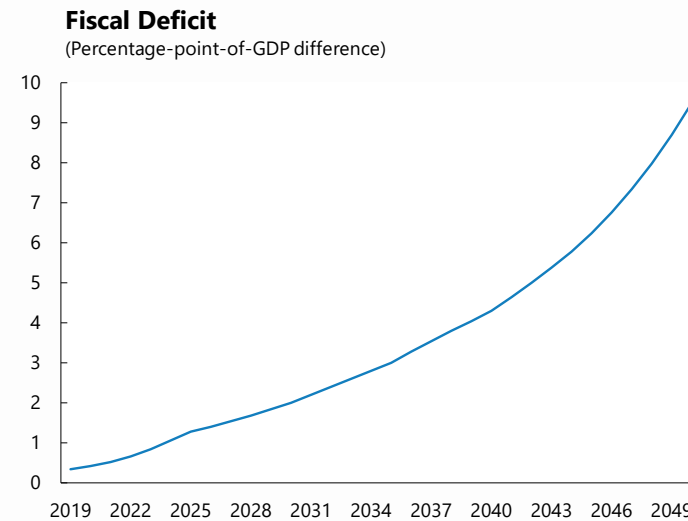
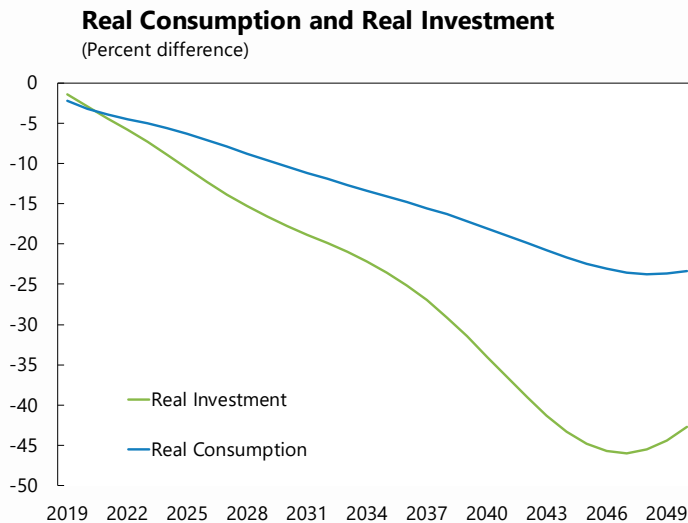
Effect of demographic shocks on the average of CESEE countries



Impact Channels of Demographics on GDP in CESEE ex TUR
(Percentage points; 2050)



Sources: UN WPP; WEO, PWT; IMF staff calculations.



The net impact of alternative fiscal reactions is small for GDP growth but significant for debt

(Average yearly impact over 2020–50, percentage points)

| | Accommodating deficits | Higher taxes |
|---------------------|---------------------------|--------------|
| Real GDP | -1.2 | -1.0 |
| Real GDP per capita | -0.6 | -0.5 |
| Debt/GDP in 2050 | 76.0 | 11.9 |

Policies to Increase Effective Labor Inputs

- **Boosting working-age population** to bring in foreign workers
- **Boosting labor intensity:**
 - Considerable room to increase labor participation and employment rates of women and older workers
 - Increased spending on lower labor tax wedges, lower unemployment replacement rates, and active labor market policies tend to boost participation and employment
- The quality of institutions matters in **retaining and attracting skilled workers**
- Achievement of a 5.9-year **gain in life expectancy** at birth solely by reducing mortality from heart diseases to that of populations with the highest life expectancies (United Nations 2012)

Policies to Support Capital Deepening

- **Subsidizing** private capital investment not advisable – can lead to inefficient capital allocation
- **Financial sector reforms** encourage efficient allocation
- **Governance reforms** are a useful complement when capital accounts open and domestic banking systems open to foreign competition
- Pressure to squeeze out **public investment** should be resisted, good public infrastructure also being a condition for private investment

Policies to Boost Productivity

Allocation of labor and capital can explain a large part of the differences in TFP:

- **Product market reforms** are associated with a higher capital stock and help boost TFP
- Strengthening state-owned enterprise governance or privatizing state-owned enterprises, reductions in red tape, and reducing the size of informal sector

Human capital drives growth differences across countries over long periods of time:

- **Educational** attainment can be improved through e.g. regular assessments, not necessarily higher public spending
- **Lifelong learning** to encourage greater participation of older workers
- **Preserve spending on education and training** despite fewer young people

Policies to Ensure Sustainability of the Public Finances

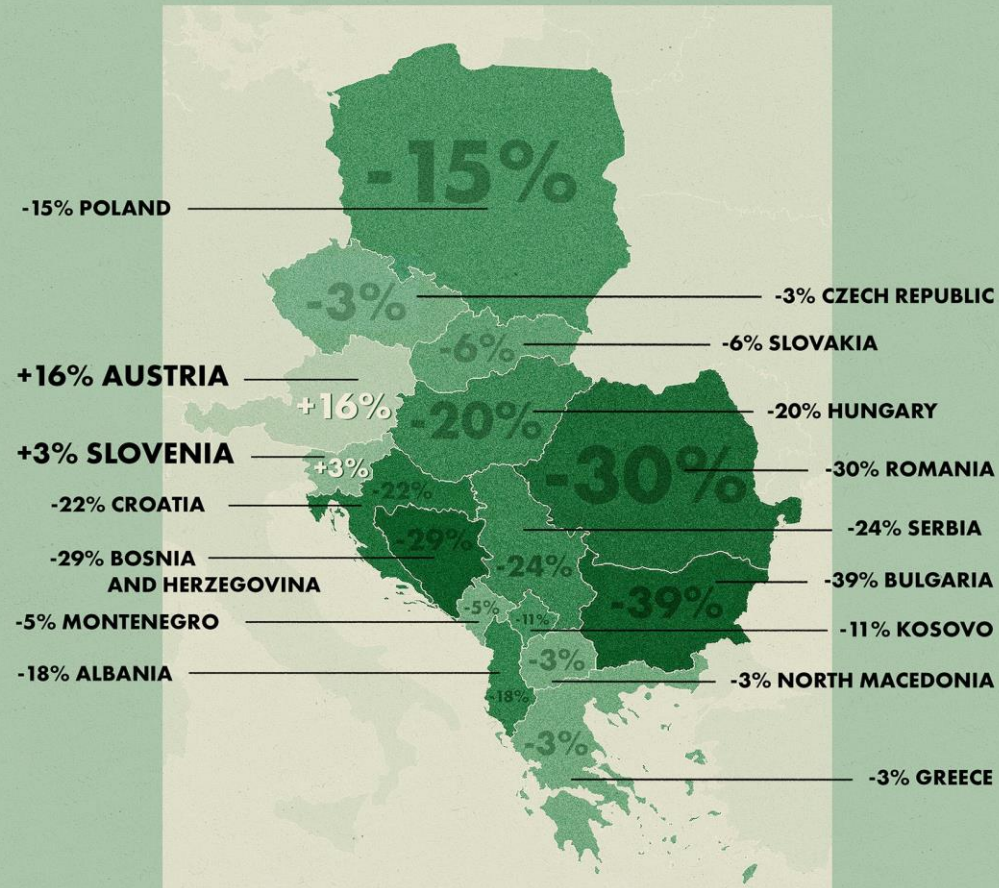
- Moderate **labor reform** scenario helps offset about half, ambitious reforms fully, the projected increase in aging-related government spending and debt in 2020—2050
- **Raising retirement ages with improvements in life expectancy** would reduce the number of pensioners and complement efforts to boost the labor force participation of older workers
- Fiscal space also needs to be preserved for measures to increase labor participation and raise skills. This motivates a broader examination of **tax systems** and more efficient **public expenditure**

Considerable heterogeneity across CESEE countries means different policy priorities for each country

- **Labor supply** is particularly pressing for Bulgaria, Latvia, Poland, and Ukraine
- **Participation of younger women** is noticeably low in Moldova and Turkey; **participation of older women** is low in Bosnia and Herzegovina, Croatia, Republic of North Macedonia, Romania, Turkey, and Ukraine, whereas that of **older men** is particularly low in Bosnia and Herzegovina, Romania, Slovenia, Turkey, and Ukraine
- **Reform of retirement ages** especially beneficial in Belarus, Moldova, Russia, Turkey, and Ukraine, both from the point of view of labor supply and fiscal sustainability
- **Workforce aging** is rapid in Moldova and Slovakia
- **Old-age dependency** is more pressing in the Central European countries, notably Poland and Slovenia
- **Fiscal pressures** from age-related spending especially acute in Albania, Bosnia and Herzegovina, Croatia, Lithuania, Moldova, Poland, Russia, Slovenia, and Ukraine

DEPOPULATION HOT SPOTS

Projected population change in
Central and Southeast Europe
(1989-2050)



Source: United Nations, World Bank, Kosovo Agency of Statistics

Ageing in the Balkans – Does Migration matters?

Arjan Gjonca

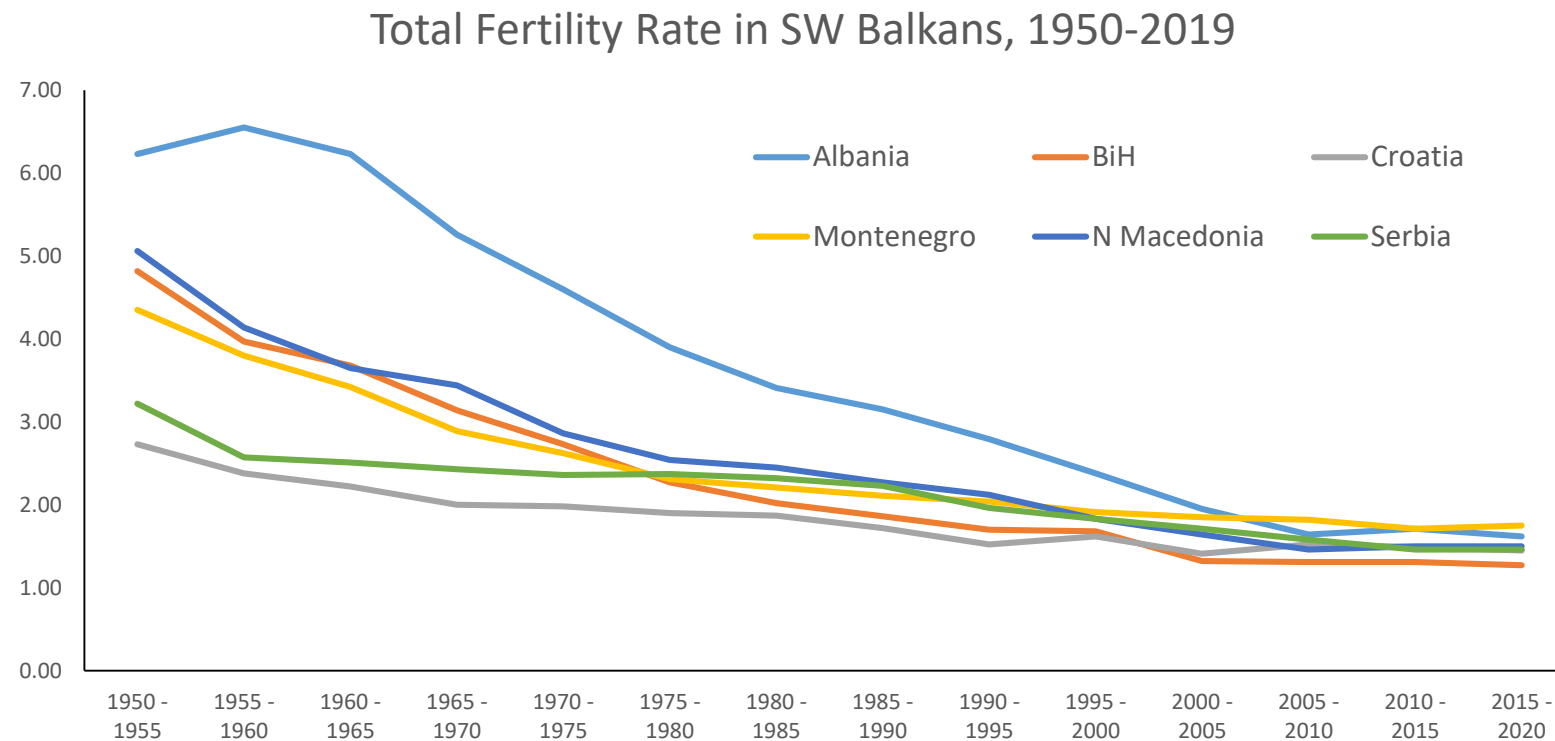
Department of International Development

London School of Economics

mailto: a.gjonca@lse.ac.uk

*Population Dynamics, Human Capital and Sustainable Development in South-East Europe;
UNFPA, Regional Conference
Sarajevo 21-22 October 2019*

What is the demographic “picture” in the South Western Balkans?



Source: UN Population Prospects, 2019

What is the demographic “picture” in the South Western Balkans?

Low levels of fertility – lowest low levels

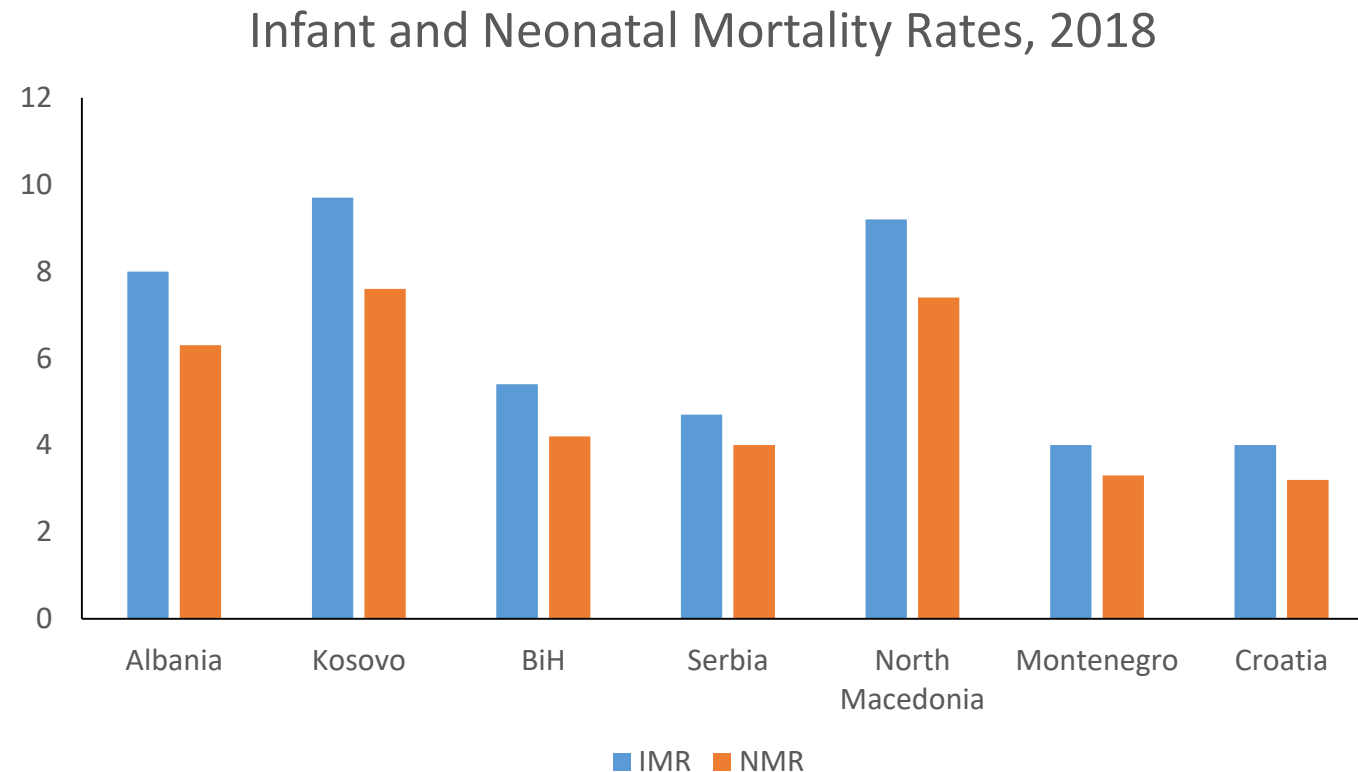
- TFR is between 1.3 and 1.8 children per woman in most SW Balkans
- How were these levels achieved?
 - Continuous declining trend (since before collapse of communism) - Serbia, Croatia, Montenegro, BiH)
 - Rapid declining trend (Albania and Kosovo)

What is the demographic “picture” in the South Western Balkans?

High levels of life expectancy at birth (Long Lives)

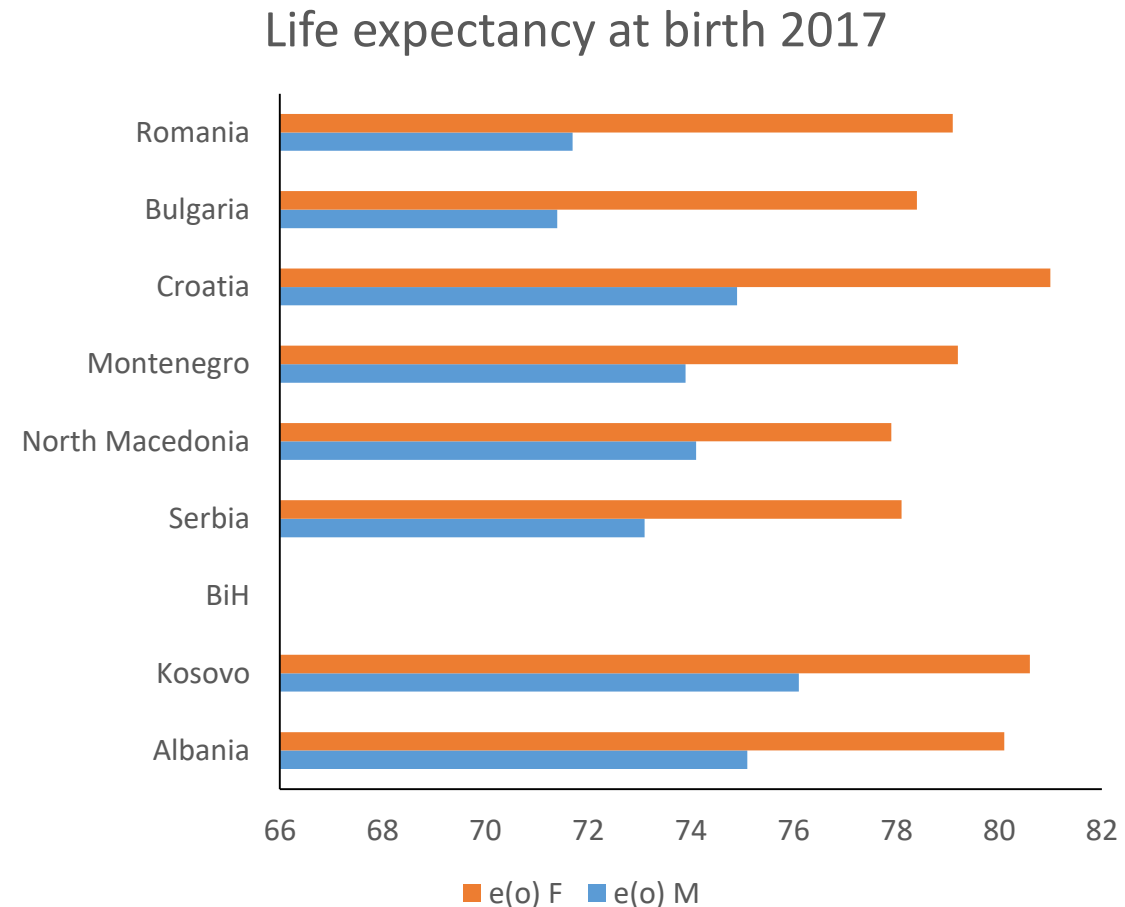
- E(o) (M) between 71 – 76 years; e(o) (F) between 75 – 81 years
- IMR in all countries less than 10 per 1000 live births;
- Neonatal Mortality rate continuous to be relatively high.
- So, in terms of survival not much difference from either west of east Europe.
- Some of the Balkans are different from Eastern Europe as they did not go through the so-called “adult mortality crises of Eastern Europe” (e.g. Albania and most former Yugoslav republics). Linked to Mediterranean diet and life style.

What is the demographic “picture” in the South Western Balkans?



Source: Eurostat 2019

What is the demographic “picture” in the South Western Balkans?



Source: Eurostat 2019

What is the demographic “picture” in the
South Western Balkans?

DEMOGRAPHIC REGIME:
LONG LIVES AND VERY LOW FERTILITY

What is the demographic “picture” in the South Western Balkans?

What is happening to migration?

- It has to be said that there are various trends/patterns across the Balkans – and it is difficult to generalise
- Data is a major issue. We only have estimates from between census populations and some of these countries either have no census or only one.
- But the overall trend is negative net migration during the transition period (1990 to present)

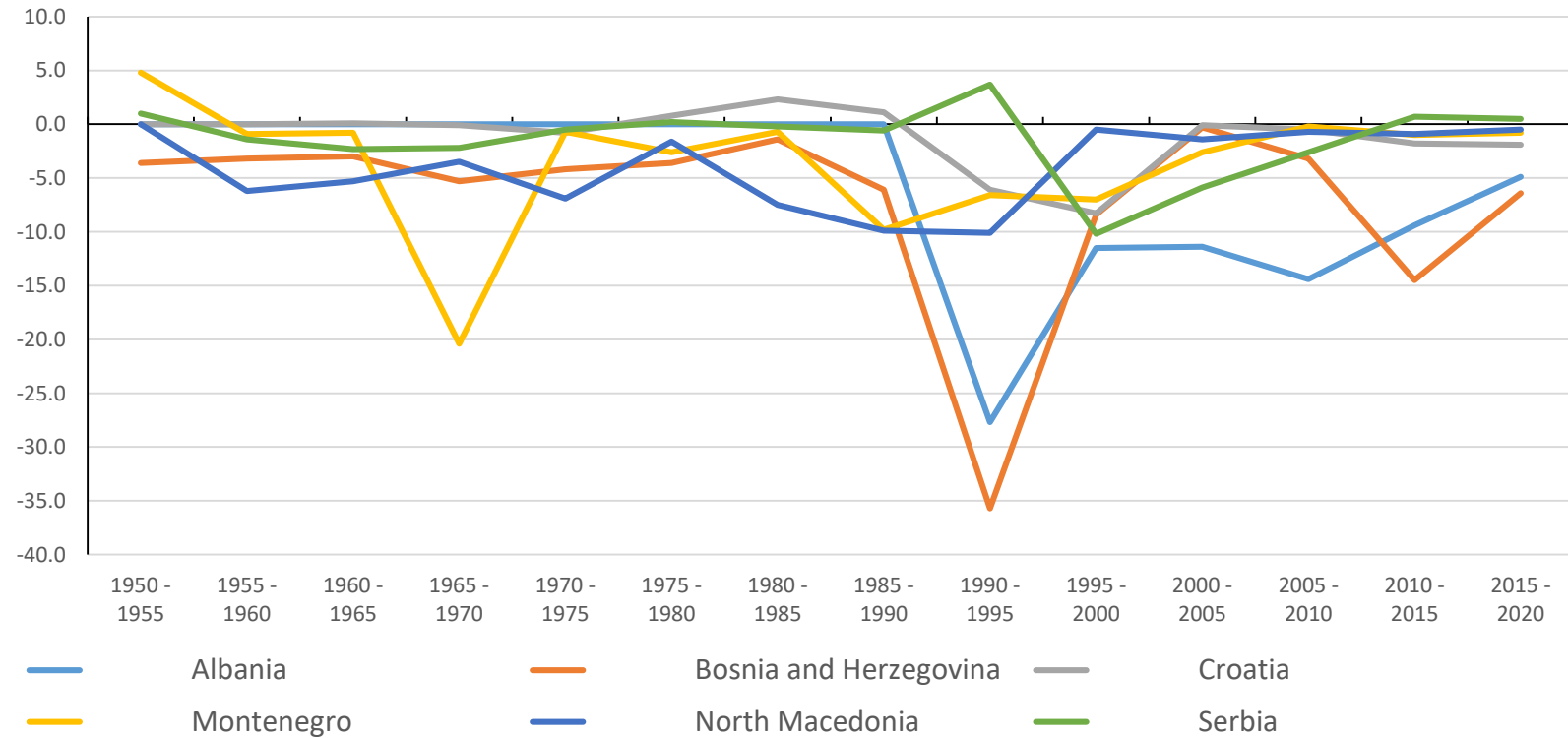
What is the demographic “picture” in the South Western Balkans?

What is happening to migration?

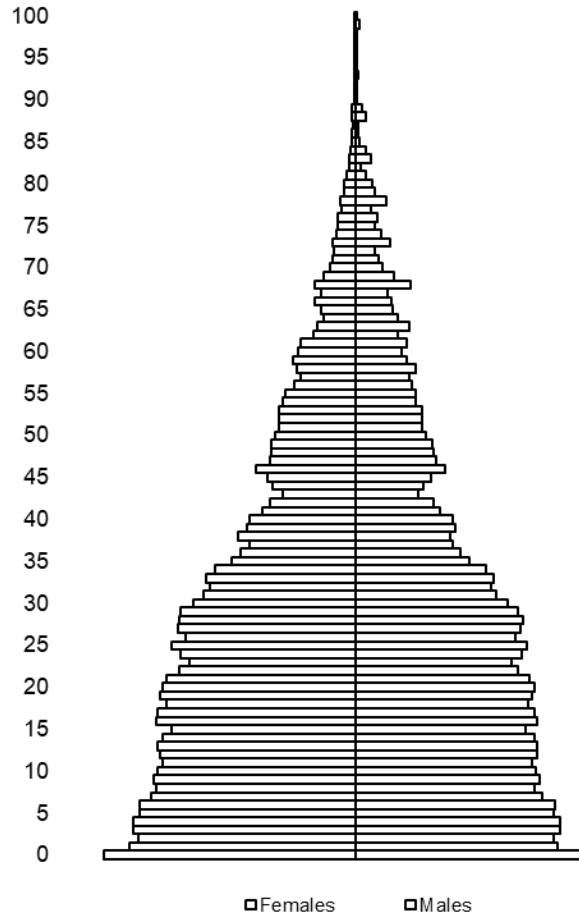
- e.g. Albania and BiH with net migration rates in different periods of up to -25. That is large by any standard.
- In some countries it is by far the dominant demographic process (e.g. in Albania where 1/3 of the population has emigrated, in BiH and in Kosovo similar trends but data unreliable)
- Migration has a double effect on population structure: a. reducing the tax paying population and b. reducing the level of childbearing.

What is the demographic “picture” in the South Western Balkans?

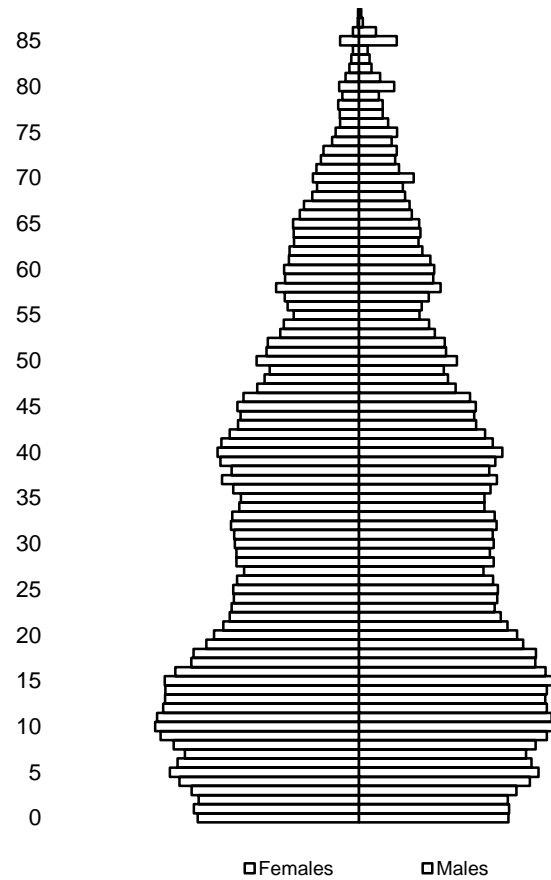
Net Migration Rate in SW Balkans, 1950-2019



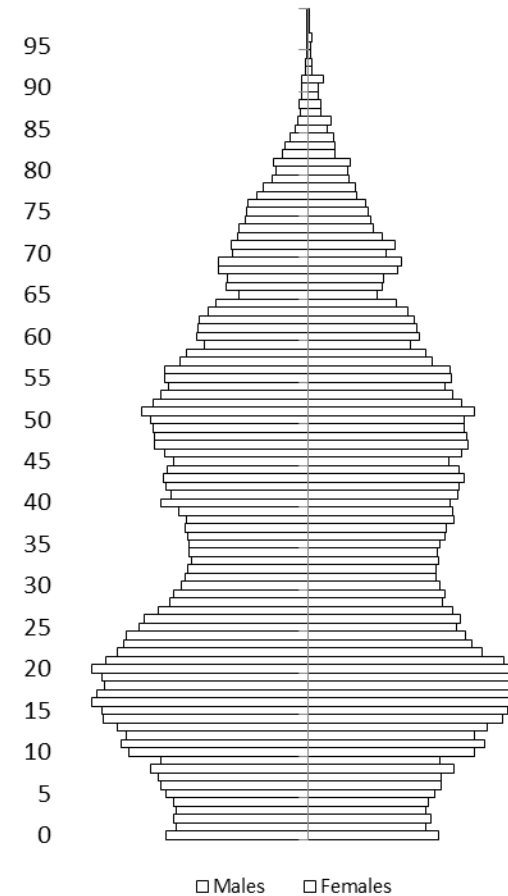
Emigration effect in Albanian population structure?



1989



2001



2011

What is the demographic “picture” in the South Western Balkans?

DEMOGRAPHIC REGIME:

LONG LIVES

VERY LOW FERTILITY

VERY HIGH EMIGRATION

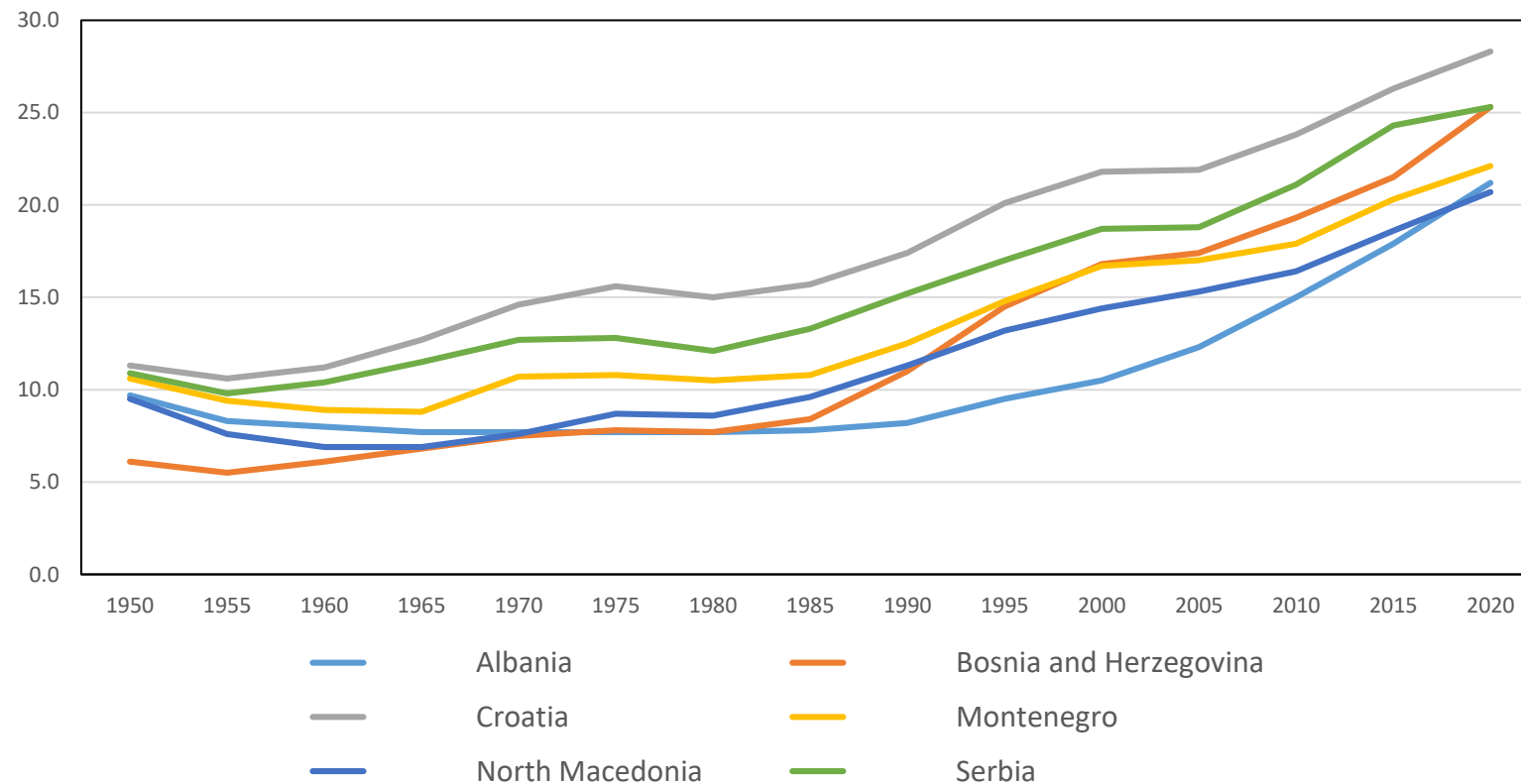
What is the demographic “picture” in the South Western Balkans?

What is the consequence of this “new demographic regime”? – Population Ageing

- By 2019 the population over 60+ has reached 20% (Albania 22%, Croatia about 27%, Serbia and BiH about 25%)
- The process has been very fast. The fast pace of increase starts in the mid-1980s, but it really accelerates in the 1990s.
- Time it took these countries for the population over 60+ to go from 10 to 20% is about 30 years in high migration populations (BiH, Albania and North Macedonia). It took some western European countries double that time.
- In 20 years-time by 2040 most projections predict that most of these countries 60+ population will reach 30%, and in some cases about 35% (e.g. Croatia and Serbia).
- But under different economic scenario – Middle Income Countries

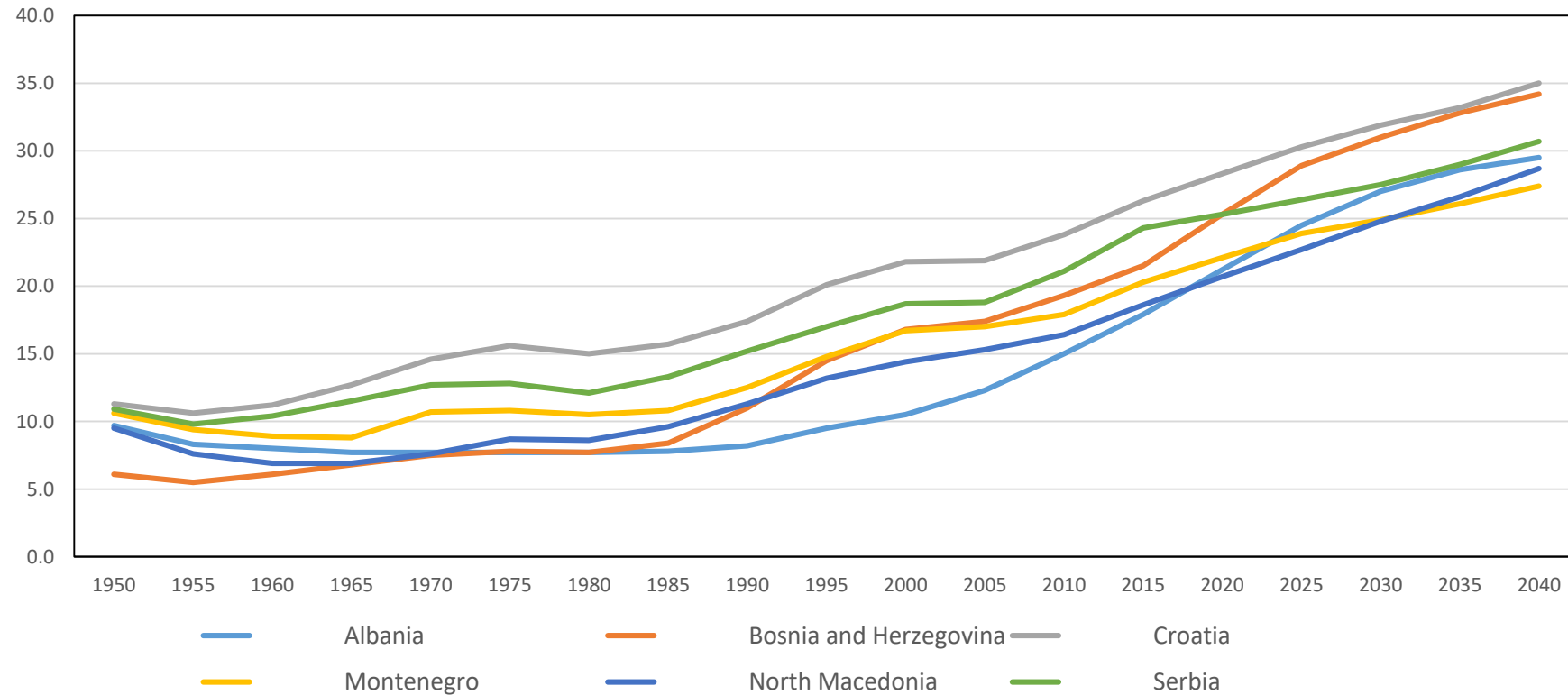
What is the demographic “picture” in the South Western Balkans?

Percentage of population over 60+



What is the demographic “picture” in the South Western Balkans?

Percentage of Population 60+ in %



Source: UN Population Prospects 2019

What is the demographic “picture” in the South Western Balkans?

Is migration responsible or partially responsible for this ageing?

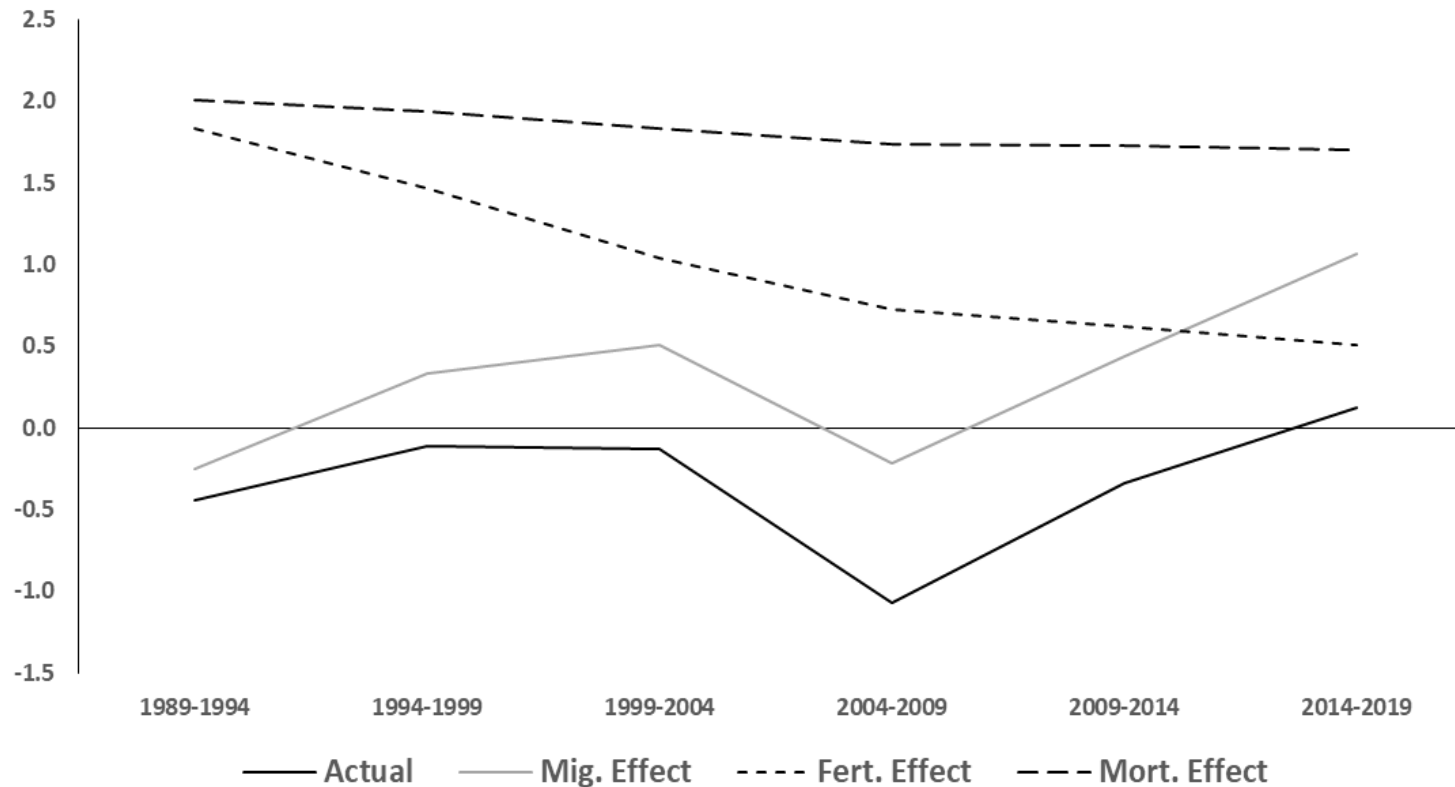
Case of Albania (because data permit us) and emigration the highest in the region:

What we did is that we take as base year population for projection 1989 (census year), and projection population of 2019, today's population, under different scenarios:

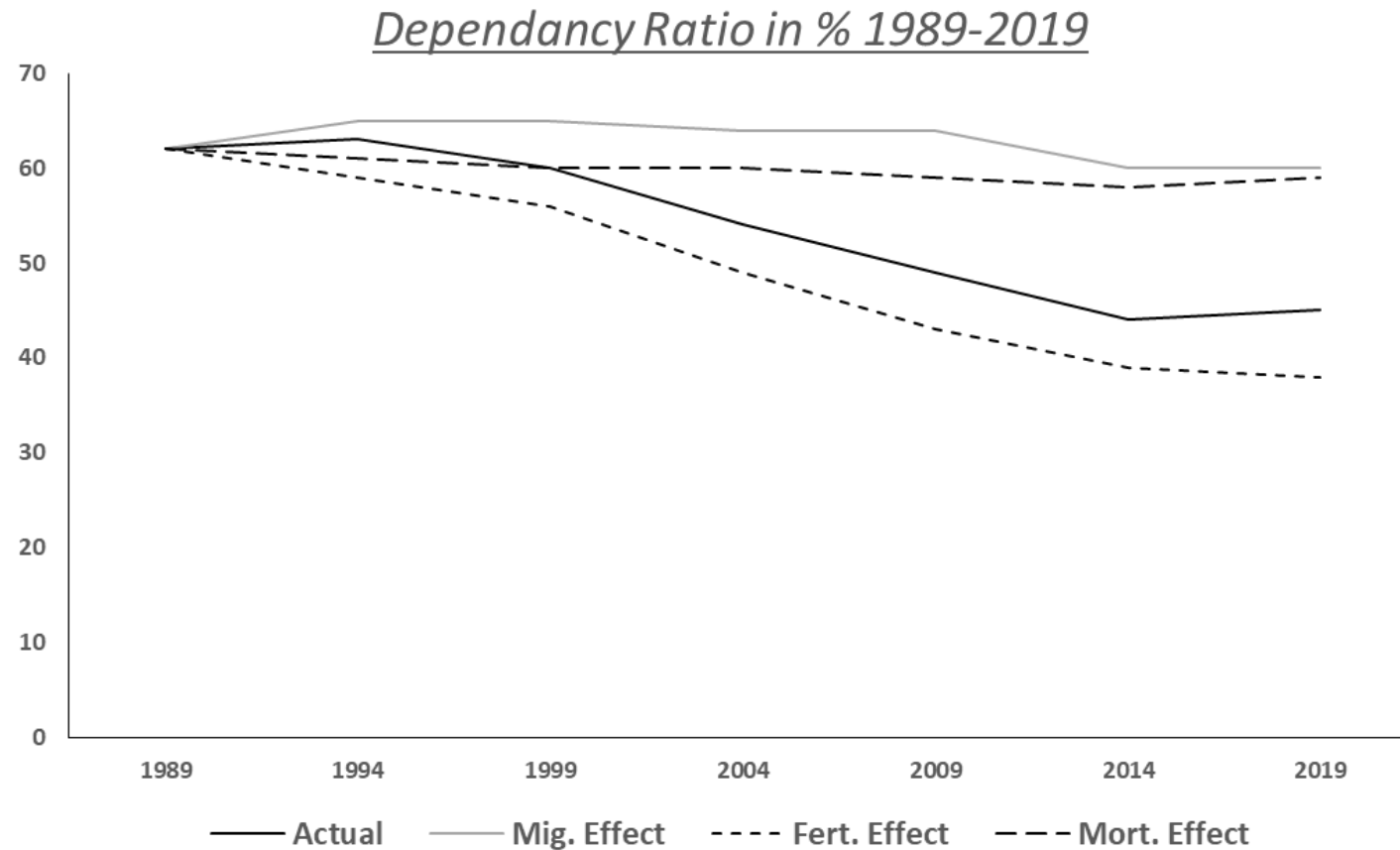
1. Migration effect real, fertility and mortality constant with the rate of base year;
2. Fertility effect real, the others constant
3. Mortality effect real, the others constant
4. The actual population of Albania in 2019

Is Migration responsible or partially responsible for Population Ageing?

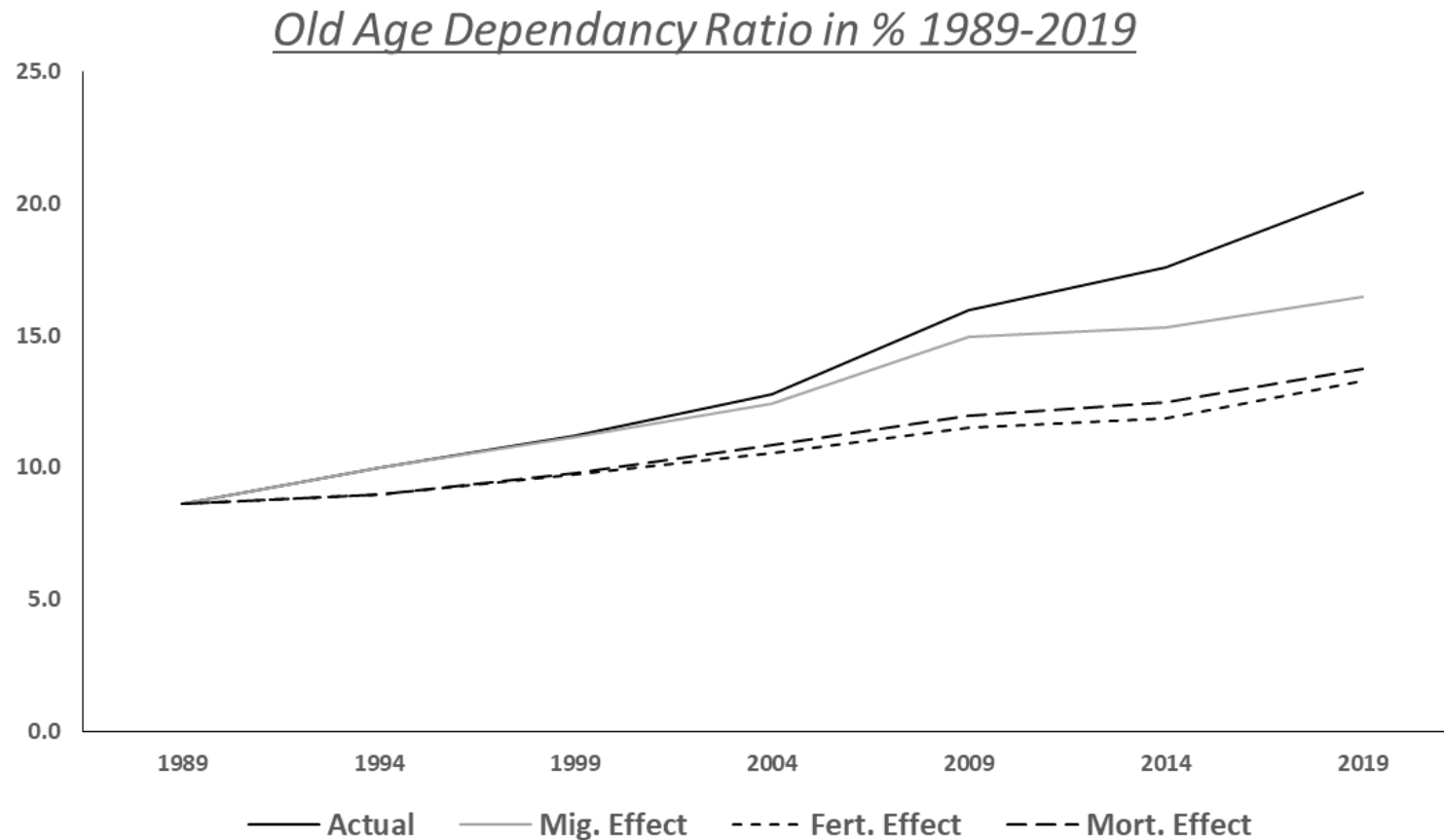
Annual Growth Rate 1989-2019



Is Migration responsible or partially responsible for Population Ageing?



Is Migration responsible or partially responsible for Population Ageing?



Is Migration responsible or partially responsible for Population Ageing?

- Albanian population has aged faster than expected in a short period of 30 years
- Mortality effect minimal
- Migration and fertility most important
- Migration has affected the speed of ageing

What should be the Future Policy focus - UNFPA?

Should we worry?

- a. Not necessarily – Ageing is a natural consequence of demographic transition, although it has come faster in the region compared to the rest of Europe.
- b. If the Right Policies, societies can benefit from it
 - We live longer but we also live healthier
 - The time of entering employment has increased with more children staying in education, thus late retirement will not change much the long life time in employment for the new generations.
 - In retirement, elderly continue to be productive and do contribute to society in formal and informal sectors.

What should be the Future Policy focus - UNFPA?

Should we worry?

But, only if the Right Policies are in place for:

i. Health care

ii. Social care:

- traditional family support is breaking down due to low levels of fertility).
- Thus who is going to support elderly populations when institutionalisation is not “socially acceptable in this part of Europe?

What should be the Future Policy focus -
UNFPA?

***NOT JUST FOCUS ON YOUNG PEOPLE
BUT ALSO THE ELDERLY***

Demographic Change in South-Eastern Europe: trends, determinants, and challenges

Tomáš Sobotka

Vienna Institute of Demography (Austrian Academy of Sciences),
Wittgenstein Centre for Demography and Global Human Capital

Population Dynamics, Human Capital and Sustainable Development in
South-East Europe; Regional Conference, Sarajevo 21 October 2019



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FOR DEMOGRAPHY AND
GLOBAL HUMAN CAPITAL

Background: the sweeping societal changes in the region after 1989

The collapse of state-socialism in Central & Eastern Europe after 1989

- The collapse of the “old” economic and social security systems
- Ex-USSR and ex-Yugoslavia: regional territorial conflicts
- Long-lasting economic uncertainty, poverty, inequality
- Informal economy, shrinking tax base and government control
- Large-scale outmigration from some countries; brain drain
- Huge differences between countries and regions, also in the reforms and responses to economic changes
- Gradual stabilisation and economic recovery after 2000

Background: the sweeping societal changes in the region after 1989

The collapse of state-socialism & the Soviet Union in 1989-91

- The collapse of the “old” economic and social security systems
- Regional conflicts in some countries, including Russia, Azerbaijan, Georgia , Armenia, and Ukraine
- Long-lasting economic uncertainty, poverty, inequality
- Informal economy, shrinking tax base and government control
- Huge differences between countries and regions, also in the reforms and responses to economic changes
- Gradual stabilisation and economic recovery after 2000

→ *Impacted the lives of all people*

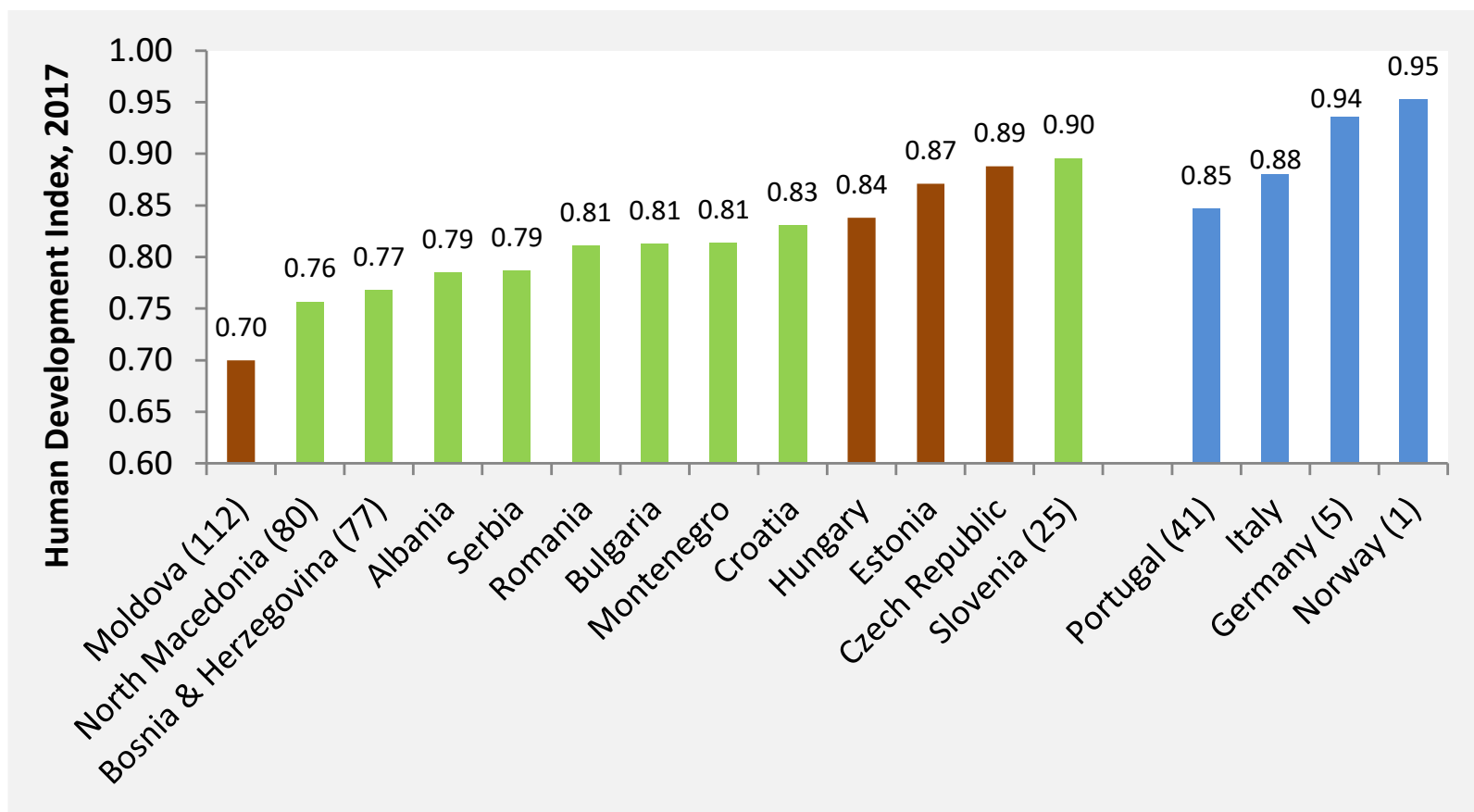
→ *These shifts precipitated massive population changes*

→ *A combination of population trends driven by crisis responses and “modernization” (longer education, changing values, changing gender roles)*

South-eastern Europe countries diversity

Human Development Index (2017)

Selected countries in South-Eastern Europe (green), Central & Eastern Europe (brown) and in other European regions (blue)

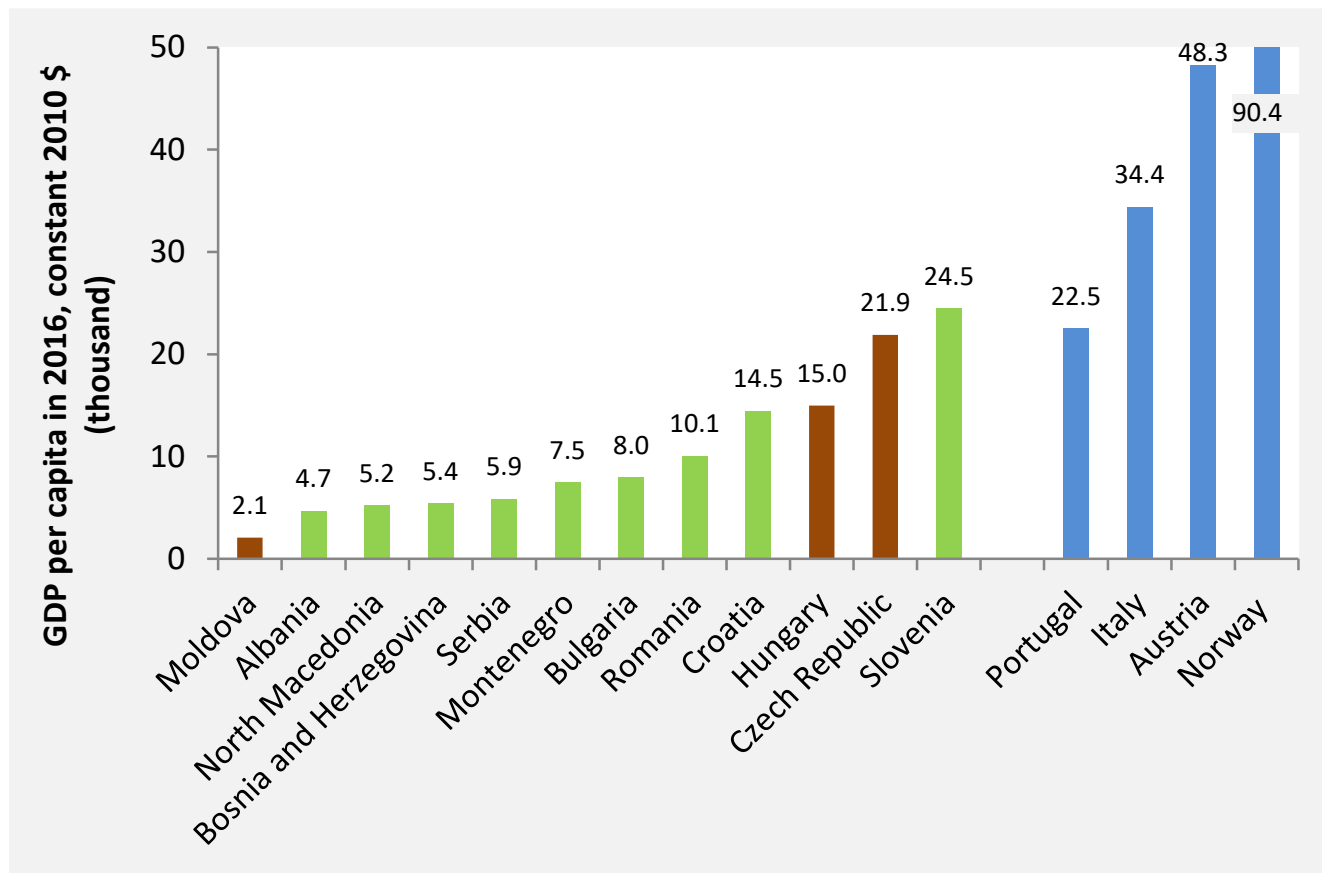


Source: United Nations Development Programme 2019;
<http://hdr.undp.org/en/content/human-development-index-hdi>

South-eastern Europe countries diversity

GDP per capita (2016) in constant 2010 \$ (thousand)

Selected countries in South-Eastern Europe (green), Central & Eastern Europe (brown) and in other European regions (blue)

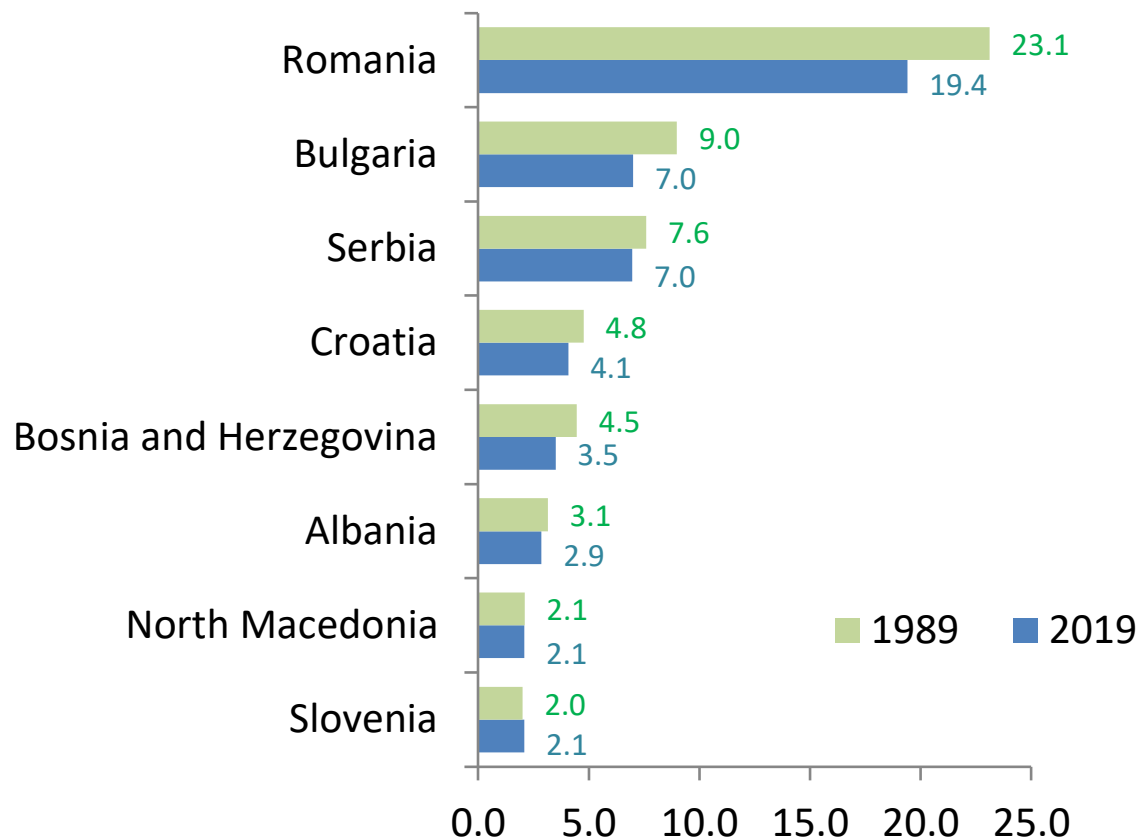


Source: World Bank; World Development Indicators database 2018. Accessed 20 October 2019 at <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD>

Spectacular population declines

Rapidly falling population in many countries in the region

Population size (million) in selected countries, 1989 and 2019

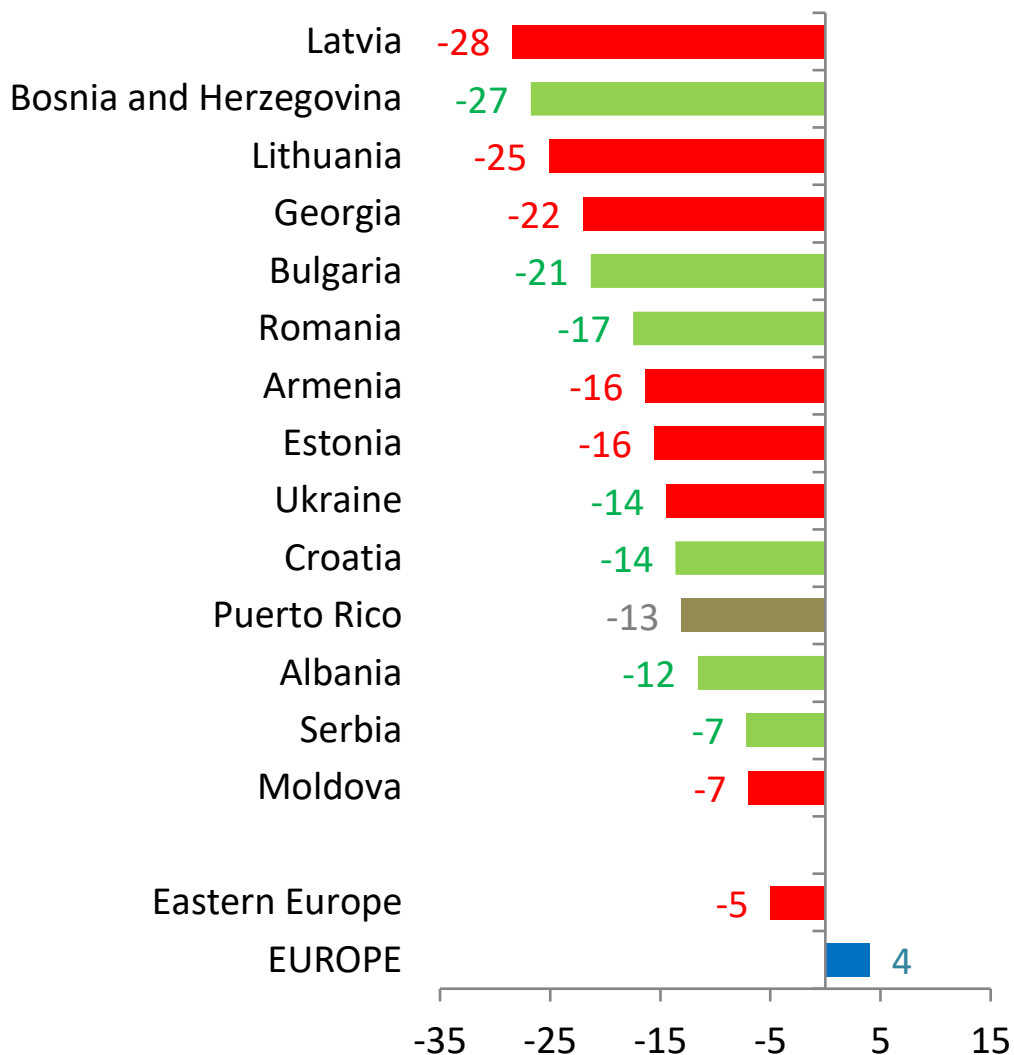


Note: Earlier data for Serbia refer to 1995

Source: Eurostat database (2019)

Fastest population declines globally

CEE & South-eastern Europe with world-fastest pop. declines

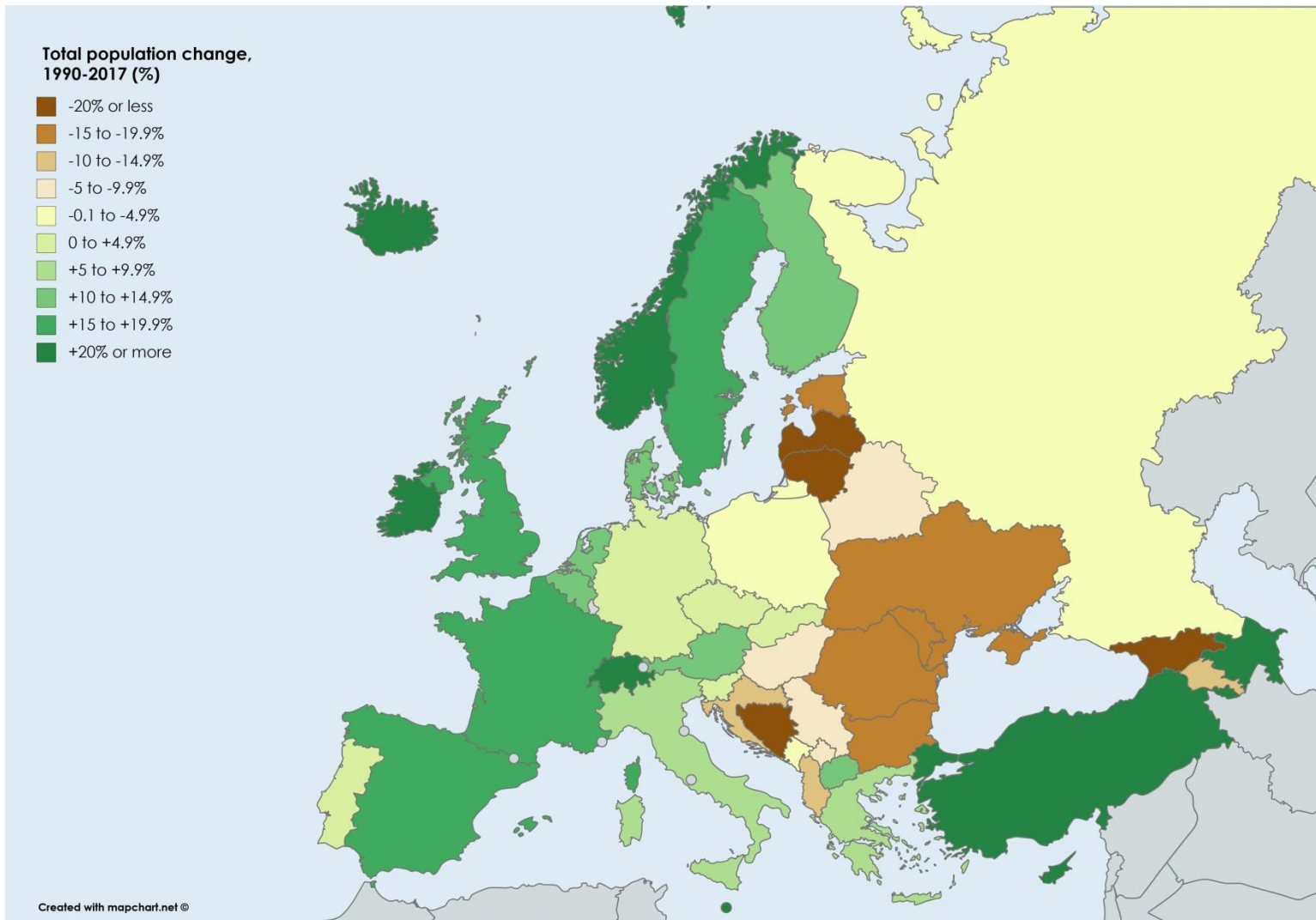


Countries with fastest population decline globally (%), 1989-2019

Note: Only countries with population > 1 million in 2019 ranked

Sources: UN World Population Prospects 2019: Estimated population size 1950-2020. Data for Georgia: NSO Georgia (2018) and own estimates for 1989.

Europe: East-West division in relative population change, 1990-2017, in %



Source: *European Demographic Data Sheet 2018*; map created with mapchart.net

Agenda

- Uncertain and problematic data
- Population dynamics: Falling fertility, changing family
- Population dynamics: Migration
- Future outlook and challenges: continuing outmigration and depopulation?

Regional focus: countries of former Yugoslavia (Bosnia and Herzegovina, Croatia, North Macedonia, Montenegro, Serbia and Slovenia) plus Albania, Bulgaria, Romania, Moldova

Thank you to Krystof Zeman (Vienna Institute of Demography) for providing selected fertility data for the region

Uncertain and problematic data

Why population data problematic in the region

Uncertainty about population data and indicators due to

- Under-reported outmigration (all countries in the region)
- Discontinuities in data collection (conflicts, breakdown on data collection systems; especially in the 1990s)
- Incomplete or deficient data collection; disputed census data
- Lacking reliable census and survey data (e.g., Bosnia and Herzegovina, Moldova)

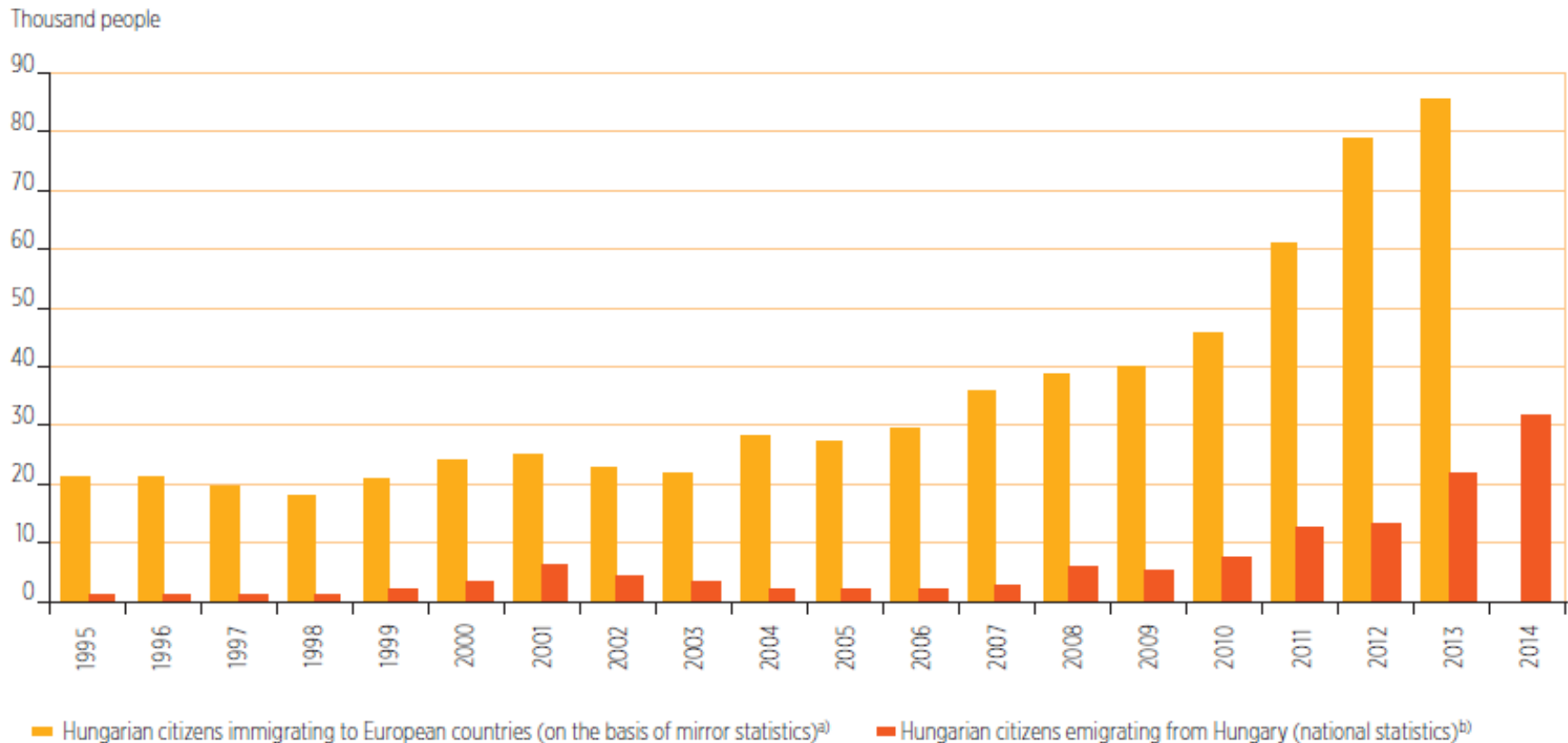
Data most problematic in Moldova and Bosnia and Hercegovina (possibly also Albania)

Indicators of population size likely to be over-estimated, basic indicators of demographic change (fertility, mortality, migration (underestimated))

→ Imprecise data and indicators, also affects rankings and estimated time trends

Data inconsistencies: Two tales of outmigration from Hungary

Figure 11: Emigration from Hungary and immigration of Hungarian citizens to other European countries (flow), 1995–2013(2014)



Source: Figure 11 in Iren Gödri, "International migration," Chapter 11 in Monostori, Judit - Óri, Péter - Spéder, Zsolt (eds.): *Demographic Portrait of Hungary 2015*

Data inconsistencies: The shrinking population of Moldova

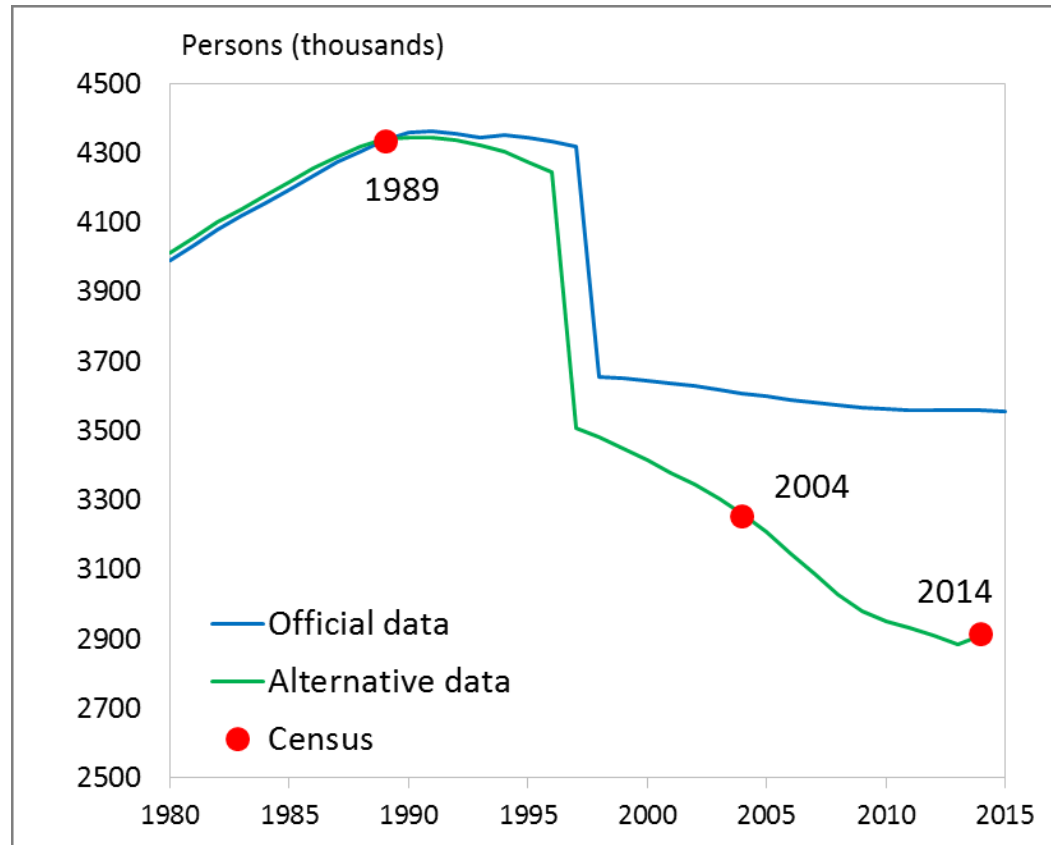


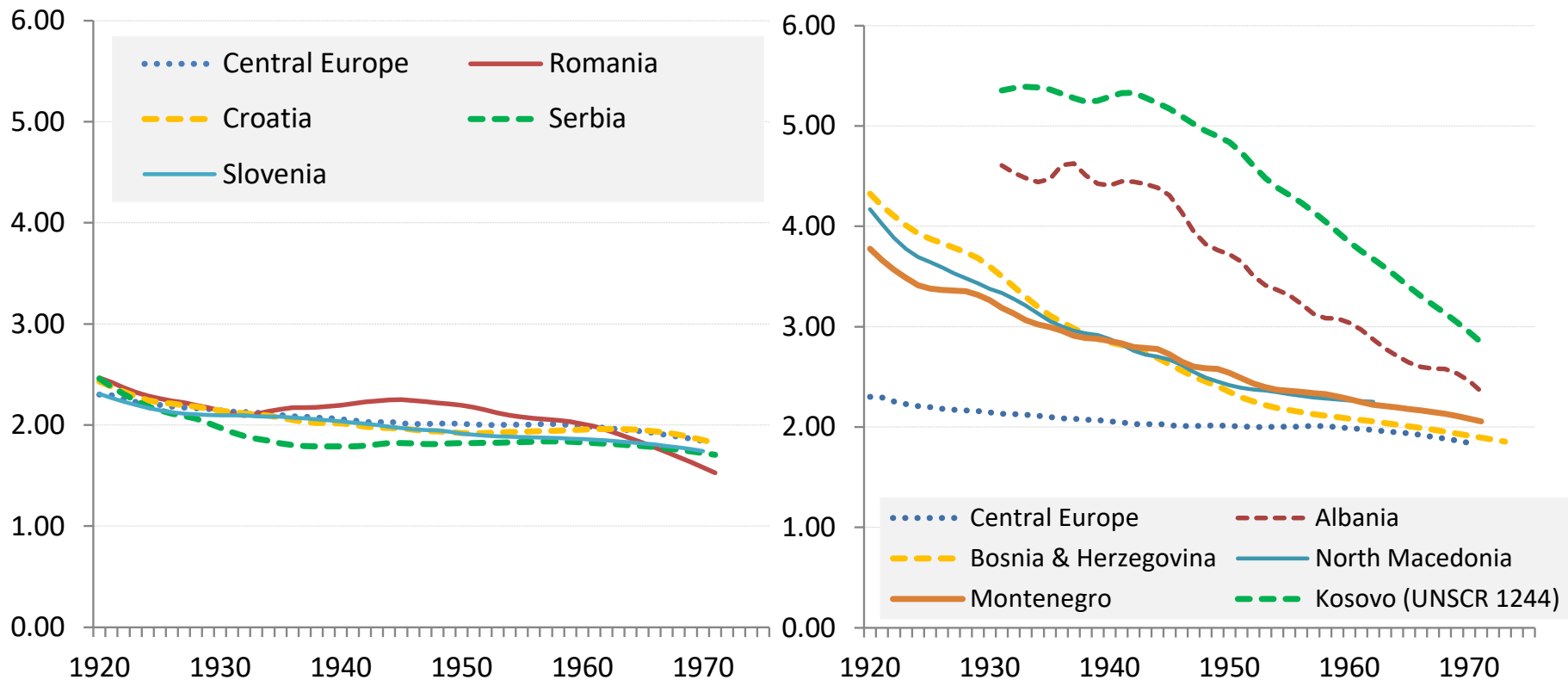
Figure 11. Population estimates for Moldova: official de jure (1980-2015) and alternative de facto (1980-2014), all ages, both sexes

Source: Figure 11 in O. Penina, D. Jdanov & P. Grigoriev. "Producing reliable mortality estimates in the context of distorted population statistics: the case of Moldova." MPIDR WORKING PAPER WP 2015-011

Population dynamics in the region:
Falling fertility, changing family

Heterogeneity in long-term fertility declines: late decline in family size in some regions

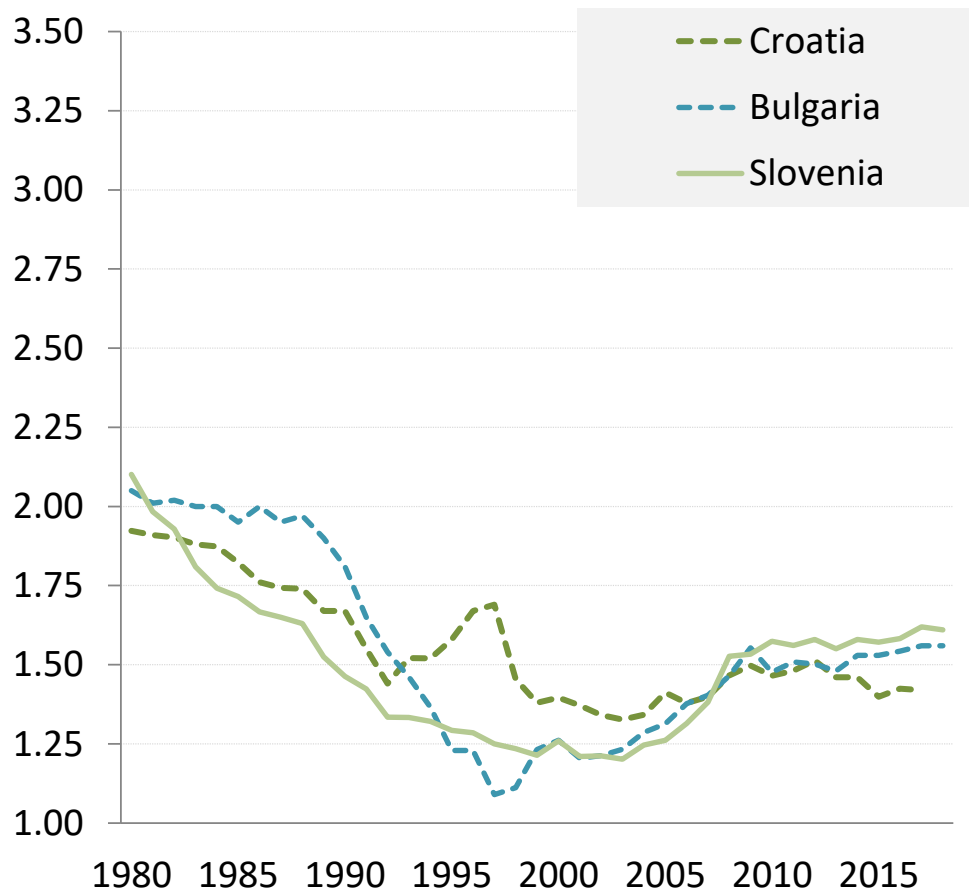
Completed cohort fertility rate (children per woman), women born 1920-1972



Sources: Population census data (1980-2013); CFE database (2019), courtesy of Krystof Zeman and Ivan Cipin

Fertility rates falling to very low levels across the region

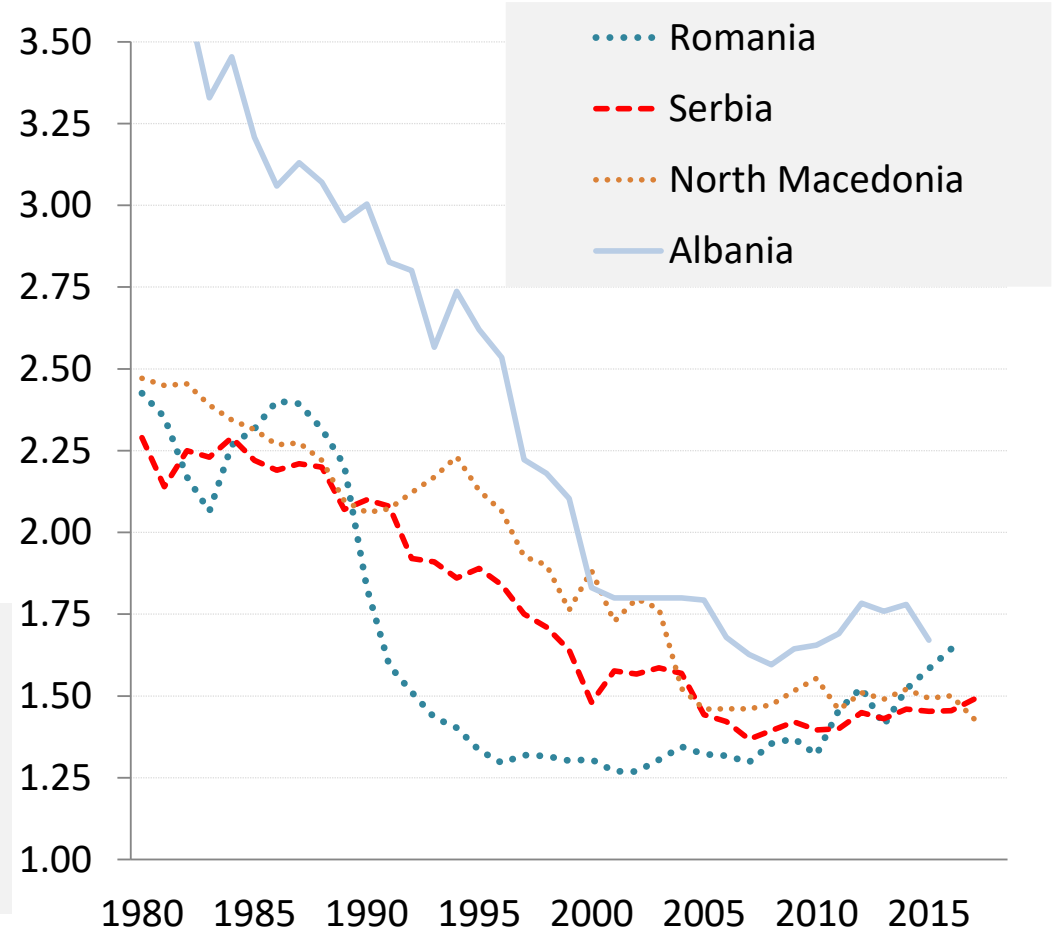
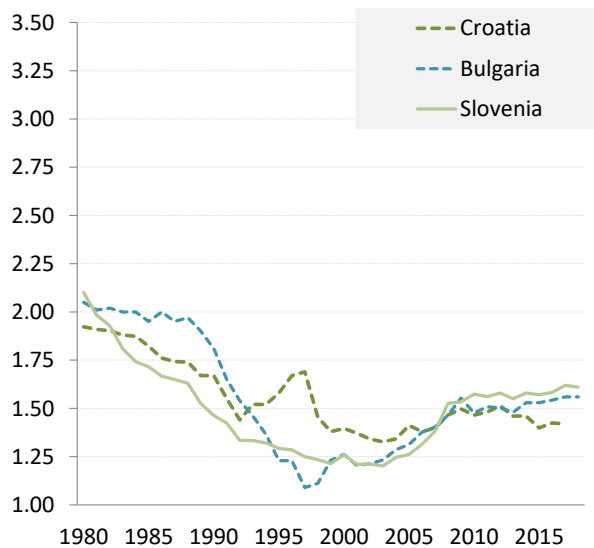
Period Total Fertility Rate (TFR, children per woman), 1980-2018



Sources: Eurostat (2018), Council of Europe (2006), European Demographic Data Sheet (2018), national statistical offices

Fertility rates falling to very low levels across the region

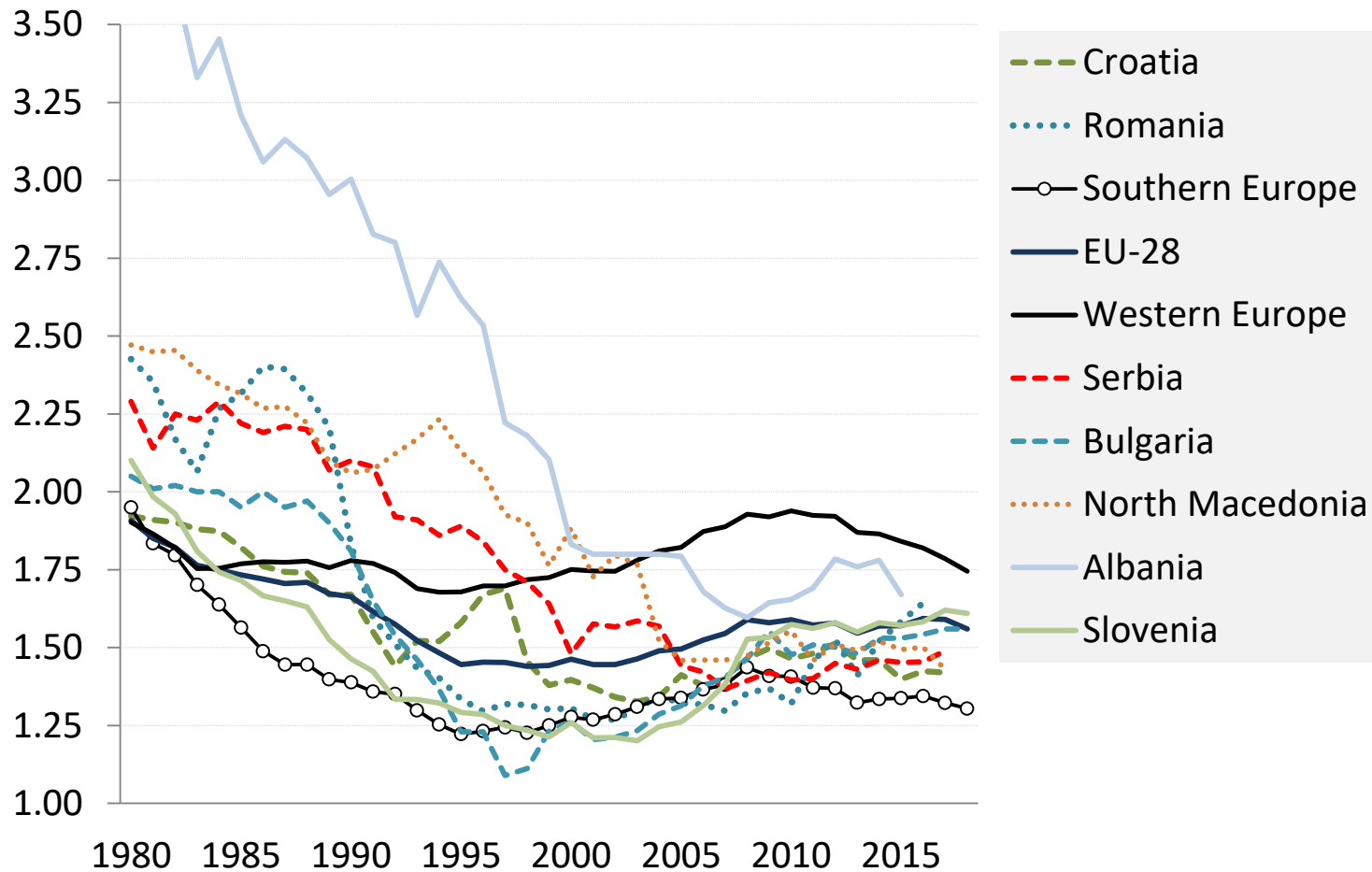
Period Total Fertility Rate (TFR, children per woman), 1980-2018



Sources: Eurostat (2018), Council of Europe (2006), European Demographic Data Sheet (2018), national statistical offices

Fertility rates below European average

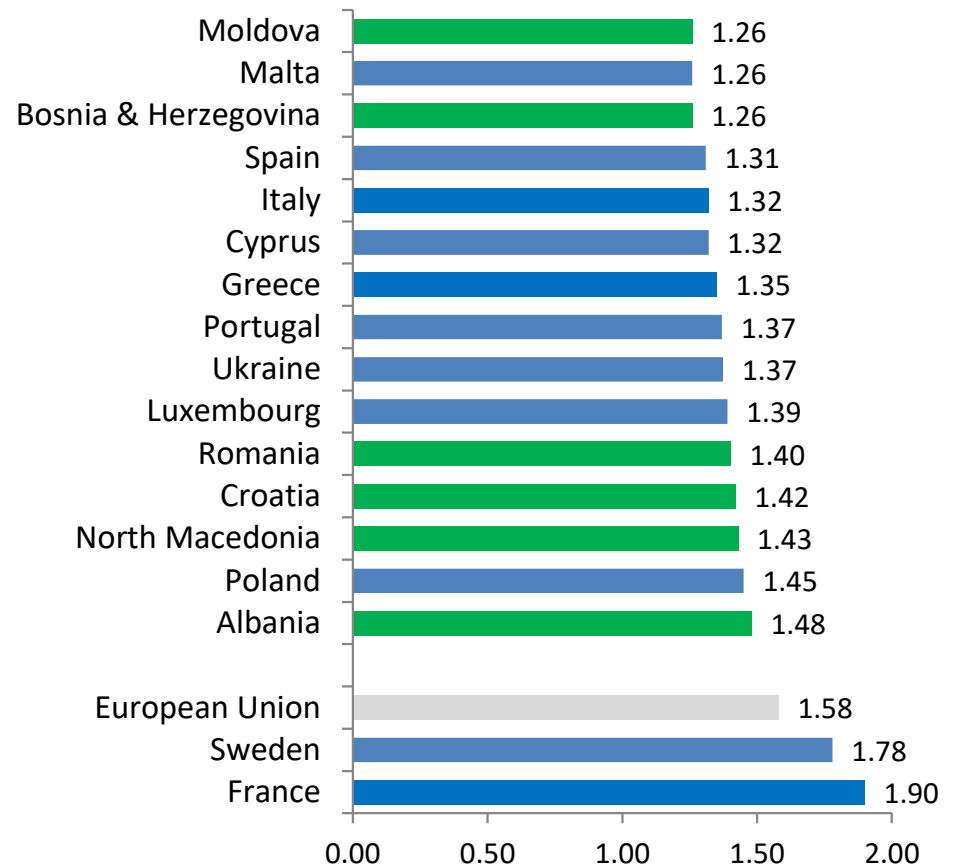
Period Total Fertility Rate (TFR, children per woman), 1980-2018



Uncertainty about period fertility levels: Extreme low fertility in South-Eastern Europe?

Officially reported low and extreme low period Total Fertility Rates in some countries partly biased due to inflated population estimates

Period Total Fertility Rates, 2017
(officially reported values)



Period Total Fertility Rate in Albania (official and alternative estimates)

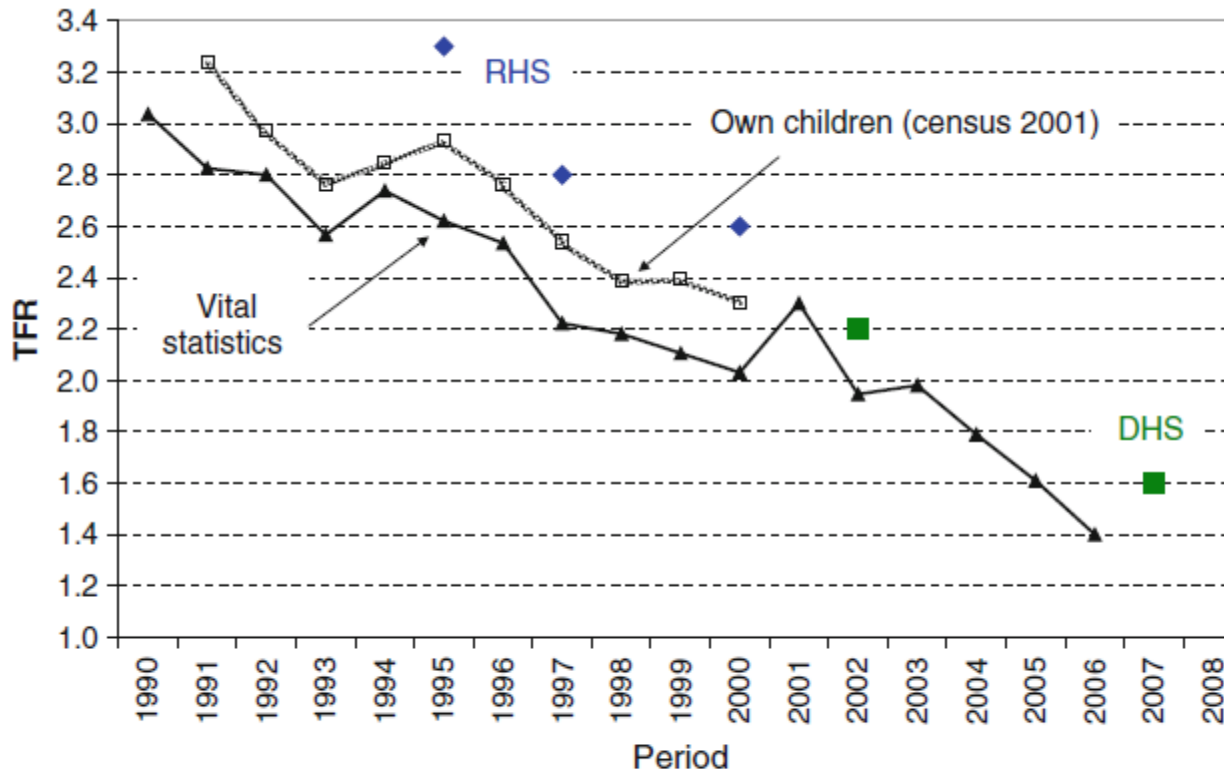


Fig. 1 Total fertility rate according to different sources, Albania 1990–2008. *Sources* INSTAT, RHS 2002 (Morris et al., 2005), DHS 2008/9 (INSTAT et al., 2010), author's estimation from the 2001 Census. *Note* Own children estimates refer to periods between 1 April and 31 March

Source: Figure 1 in Lerch, M. 2013. Fertility decline during Albania's societal crisis. *European Journal of Population* 29: 195-220.

Prenatal sex selection: distorted sex ratios at birth

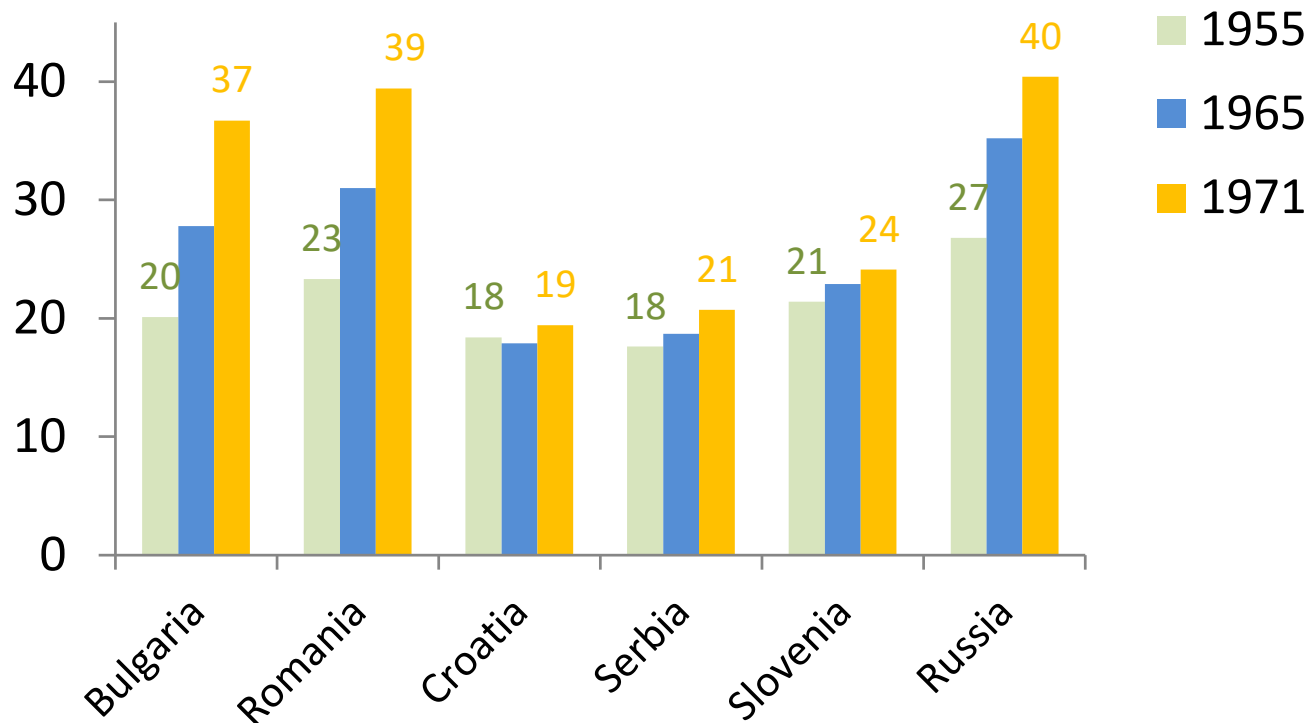
- Several countries recording mildly distorted SRBs
- Declining after 2010

UNDP estimates (WPP 2019); normal levels at 1.04-1.06:

- Albania 112 in 2000-2010 (1.09 now)
 - Montenegro 110 in 1990-2010
 - North Macedonia 108 in 2010-15
 - B & H: 107 most years
- (China 116 around 2000)

Family size: Rapid rise in one-child families in parts of the region

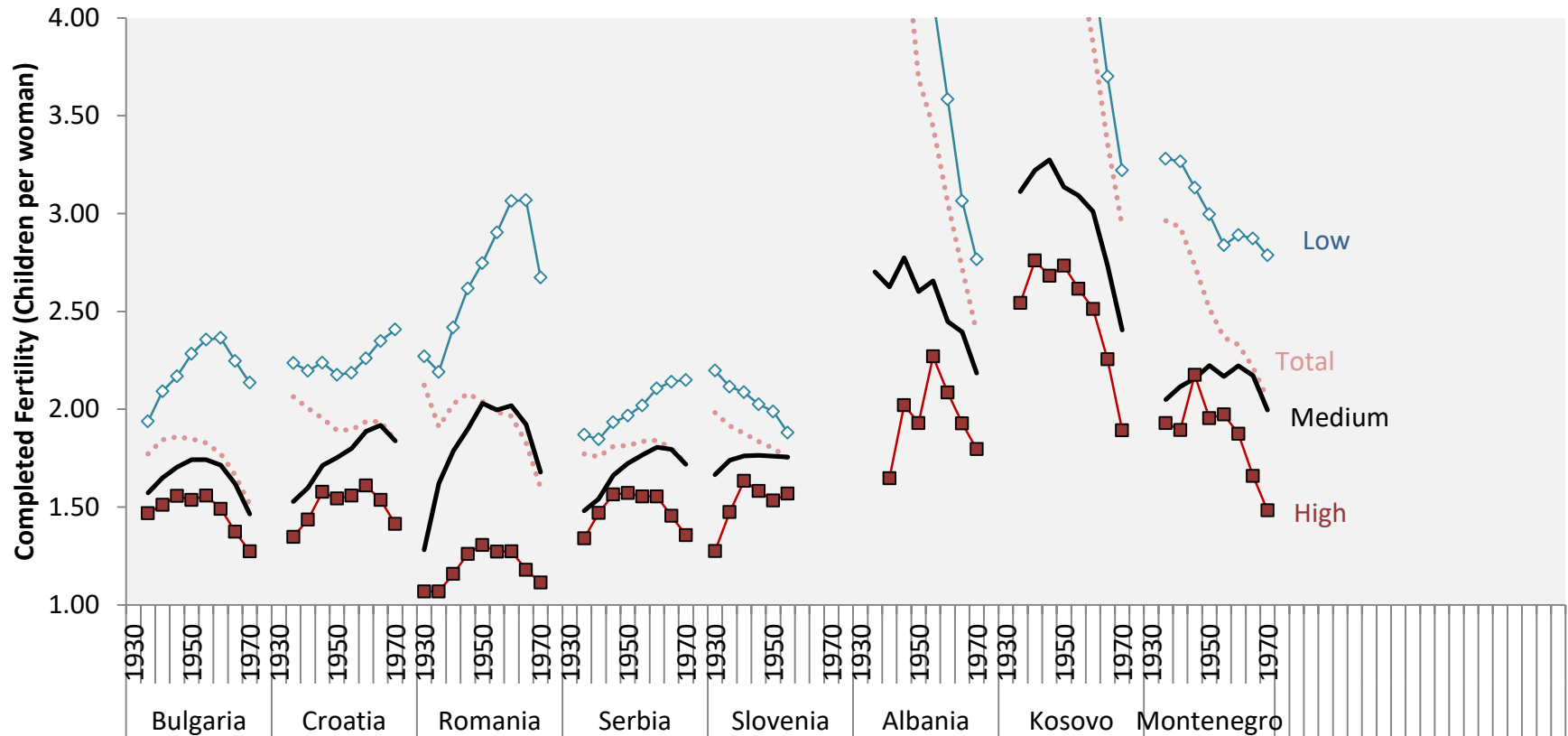
Share with one child, women born 1955-1971; selected countries in South-eastern Europe and Russia



Source: Census 2011, data from the Cohort Fertility and Education (CFE) database (2019)

Very low fertility among highly educated women

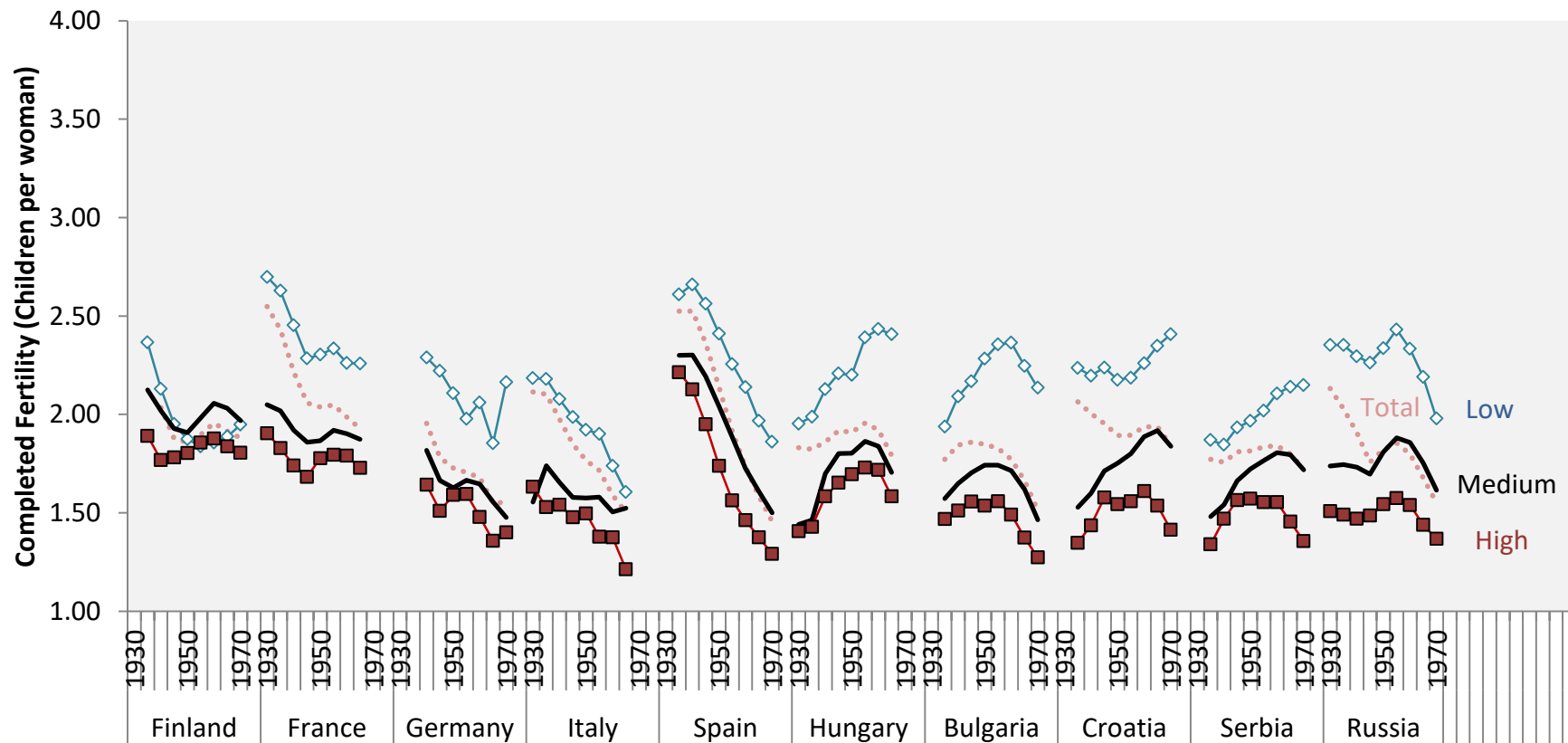
Completed fertility by level of education, women born 1930-1970



Source: Census 2011, data from the Cohort Fertility and Education (CFE) database (2019); some data provided by Krystof Zeman and Ivan Cipin

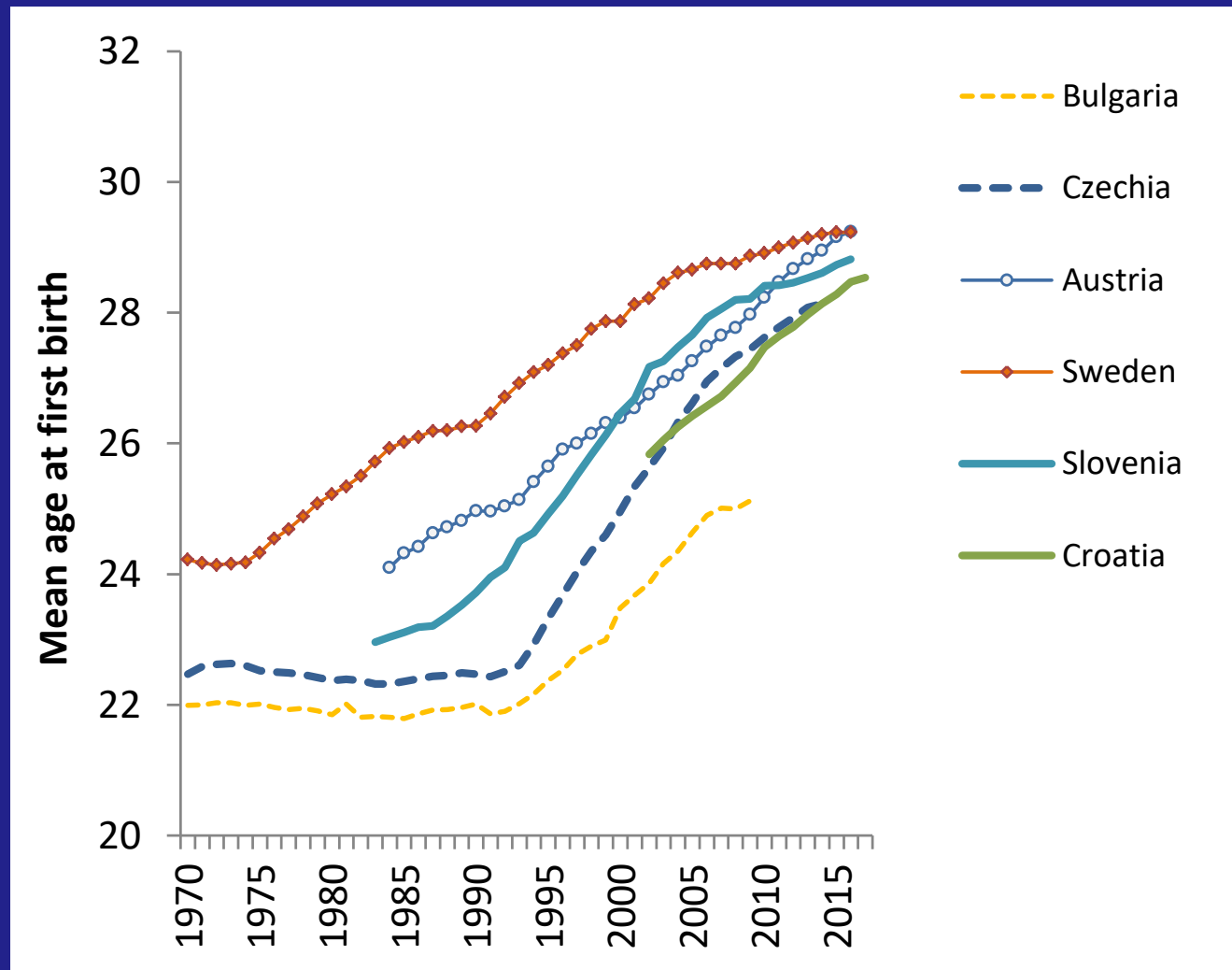
Very low fertility among highly educated women

Completed fertility by level of education, women born 1930-1970
(selected European countries)



Source: CFE database (2019). Based on T Sobotka, E Beaujouan & Z Brzozowska: "Reversals, diminishing differentials, or stable patterns? Long-term trends in educational gradients in fertility across the developed countries", presented at the IUSSP conference, Cape Town, October 2017

The continuing postponement of first births, 1990s-2010s

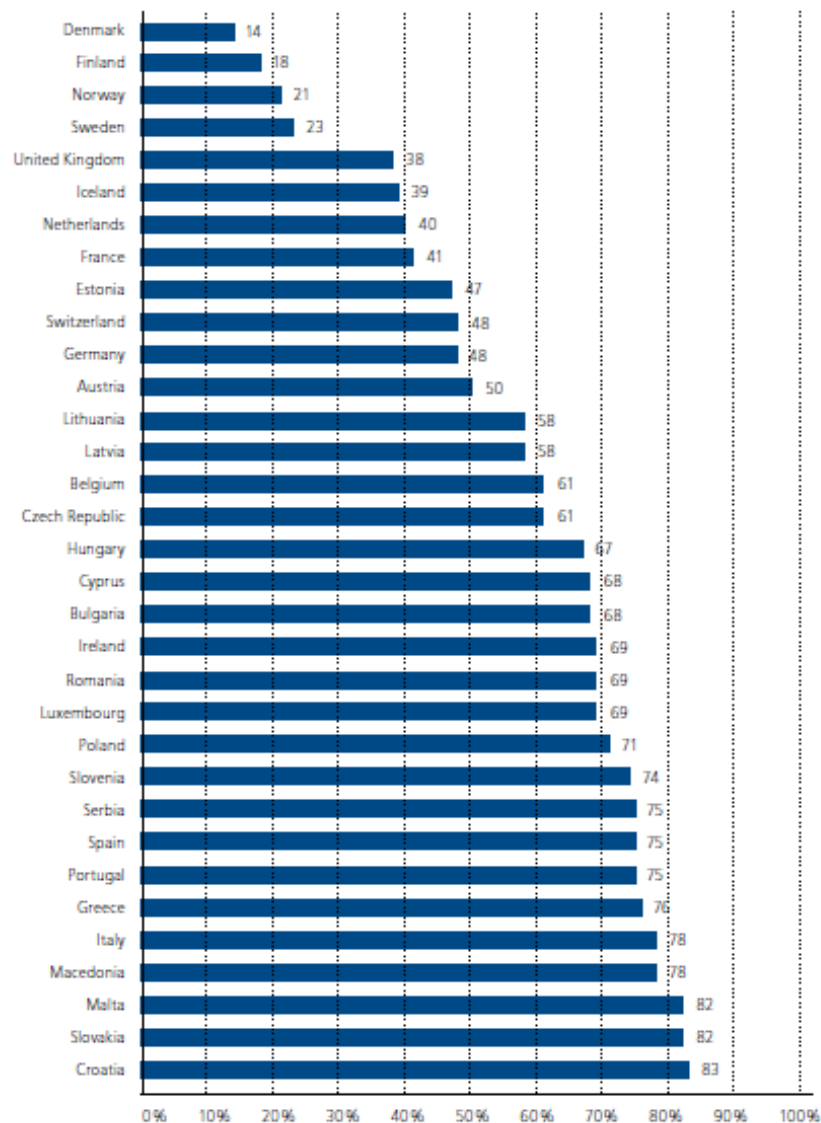


Mean age at first birth, selected European countries, 1970-2017

Early marriages replaced by living with parents

FIGURE 10.3: The share of young people aged 20 to 29 who lived with their parents in 2016 (in %)

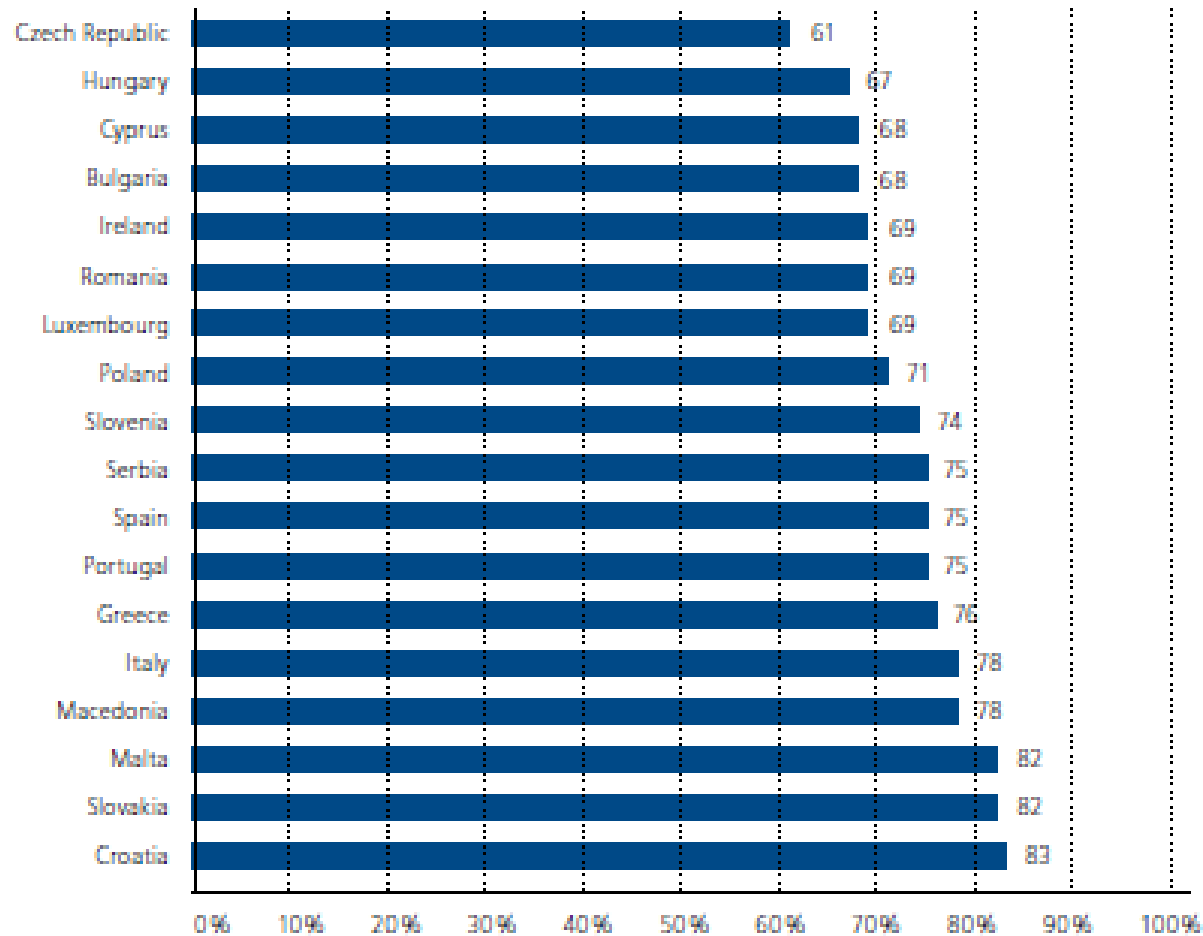
The share of young people aged 20-29 living with parents



Source: Eurostat (2016)

Source: Lavrič, Miran & Jusic, Mirna & Tomanovic, Smiljka. (2019). YOUTH STUDY SOUTHEAST EUROPE 2018/2019.

Early marriages replaced by living with parents



Source:
Lavrič, Miran
& Jusic,
Mirna &
Tomanovic,
Smiljka.
(2019).
YOUTH
STUDY
SOUTHEAST
EUROPE
2018/2019.

Source: Eurostat (2016)

Very high share of young people aged 20-29 living with parents in South-eastern Europe

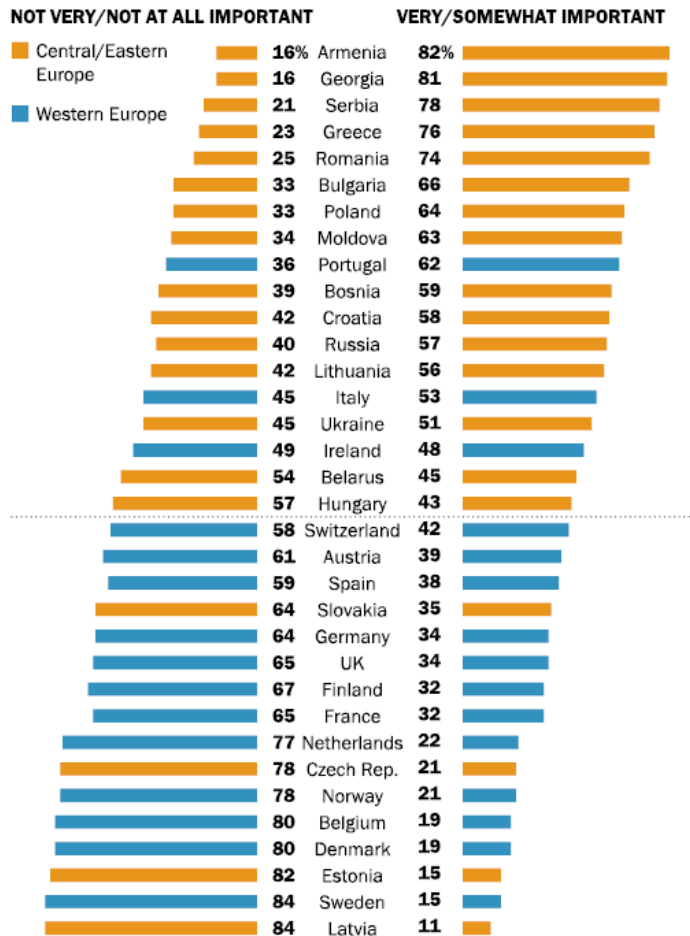
Declining fertility, changing family: Main determinants and explanations

They are complementary – not mutually exclusive; different weight/mix in different countries

- The Economic disruption, conflict, uncertainty: esp. the 1990s
→ *economic ups and downs have a stronger effect than in most other European regions*
- Rapid expansion of higher education: delaying life course transitions, changing parenting ambitions and styles
- The “Second Demographic Transition”: changing values, lifestyles and aspirations of younger generations
- The “Pattern of Disadvantage”
- The “Contraceptive revolution”: a shift from abortion to contraception, falling unplanned pregnancies and births
- New family policies since the 2000s, economic upturns

Fewer people in Western European countries see religion as a key component of national identity

% who say it is _____ to be a Christian to truly share their national identity (e.g. to be "truly Armenian")



Note: In nearly all Central and Eastern European countries, the dominant Christian denomination was included in the question wording (Catholic, Orthodox or Lutheran). For example, in Russia, respondents were asked how important it is to be Orthodox to be "truly Russian." In Bosnia, respondents were asked about their own religious group, whether Muslim or Orthodox. Don't know/refused responses not shown.

Source: Surveys conducted 2015-2017 in 34 countries. See Methodology for details. "Eastern and Western Europeans Differ on Importance of Religion, Views of Minorities, and Key Social Issues"

The cultural divides across the region: Importance of religion

FOR RELEASE OCT. 29, 2018

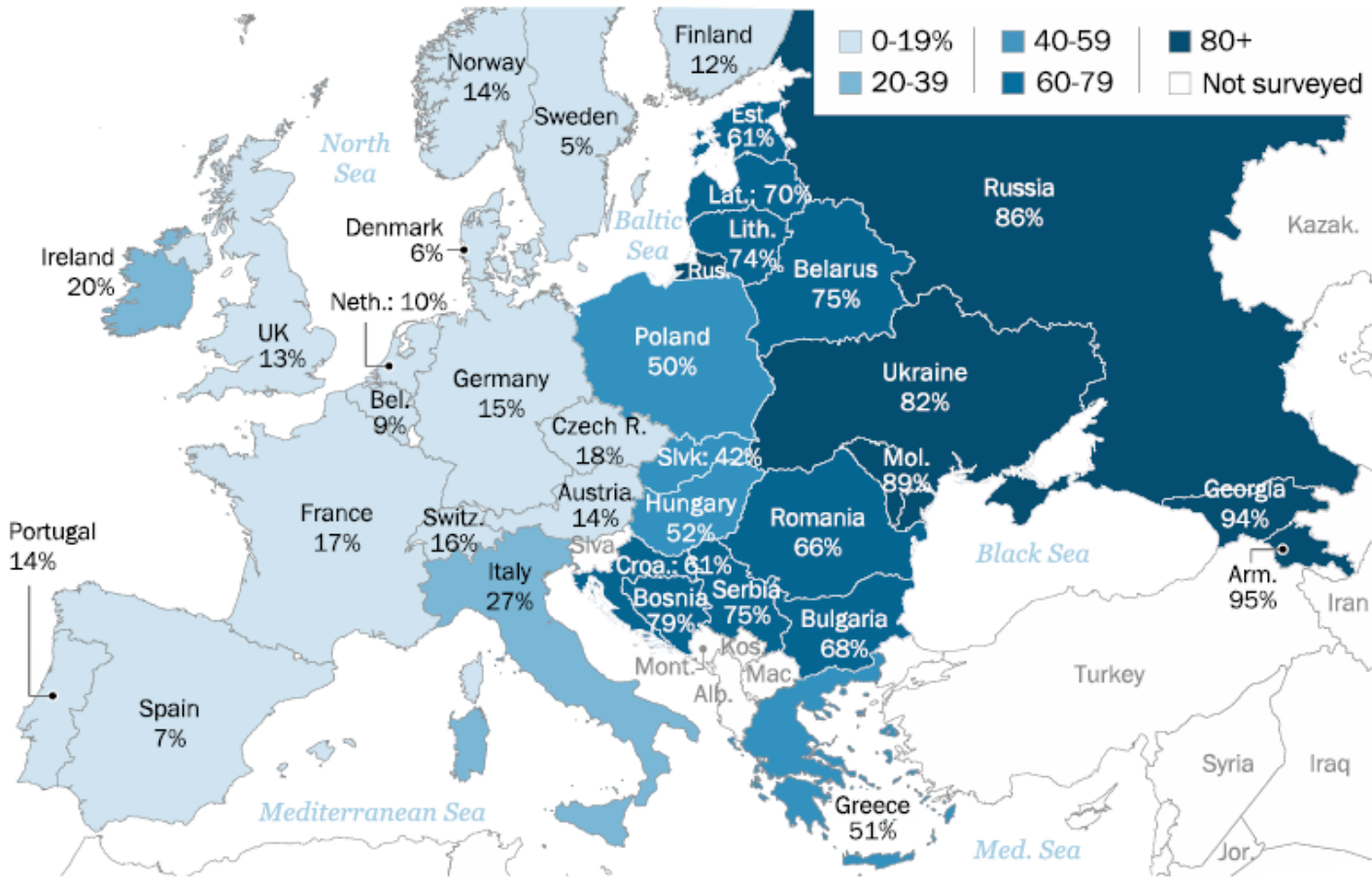
Eastern and Western Europeans Differ on Importance of Religion, Views of Minorities, and Key Social Issues

People in Central and Eastern Europe are less accepting of Muslims and Jews, same-sex marriage, and legal abortion

The cultural & values divides across the region: attitudes to same-sex marriage (2015-17)

Young adults in Central and Eastern Europe largely oppose gay marriage

% of those ages 18 to 34 who say they oppose/strongly oppose allowing gays and lesbians to marry legally



Source: Surveys conducted 2015-2017 in 34 countries. See Methodology for details.
 "Eastern and Western Europeans Differ on Importance of Religion, Views of Minorities, and Key Social Issues"

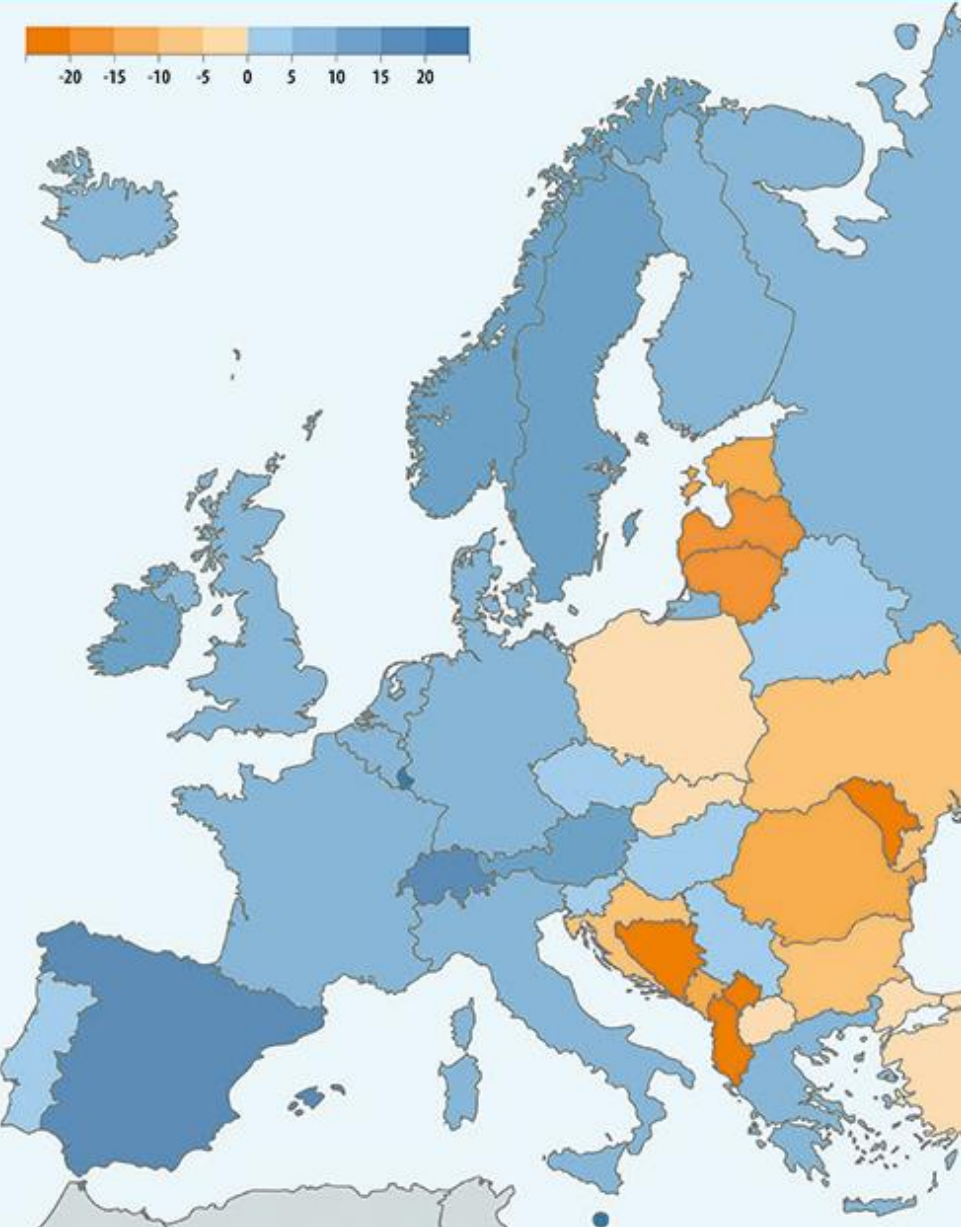
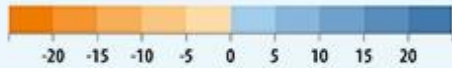
Population dynamics in the region: Migration

The East – West European migration divide in Europe

The main migration stream in the last 30 years from the East to the West (including southern Europe) of Europe

- Serious consequences in the East: low fertility & higher mortality & outmigration imply accelerated long-term demographic decline
 - *Uncertain data on migration: data gaps, incomplete data & estimates*
- ***European migration split: the shrinking Central & Eastern & south-Eastern Europe (except for Russia) vs. the expanding West, South & North***

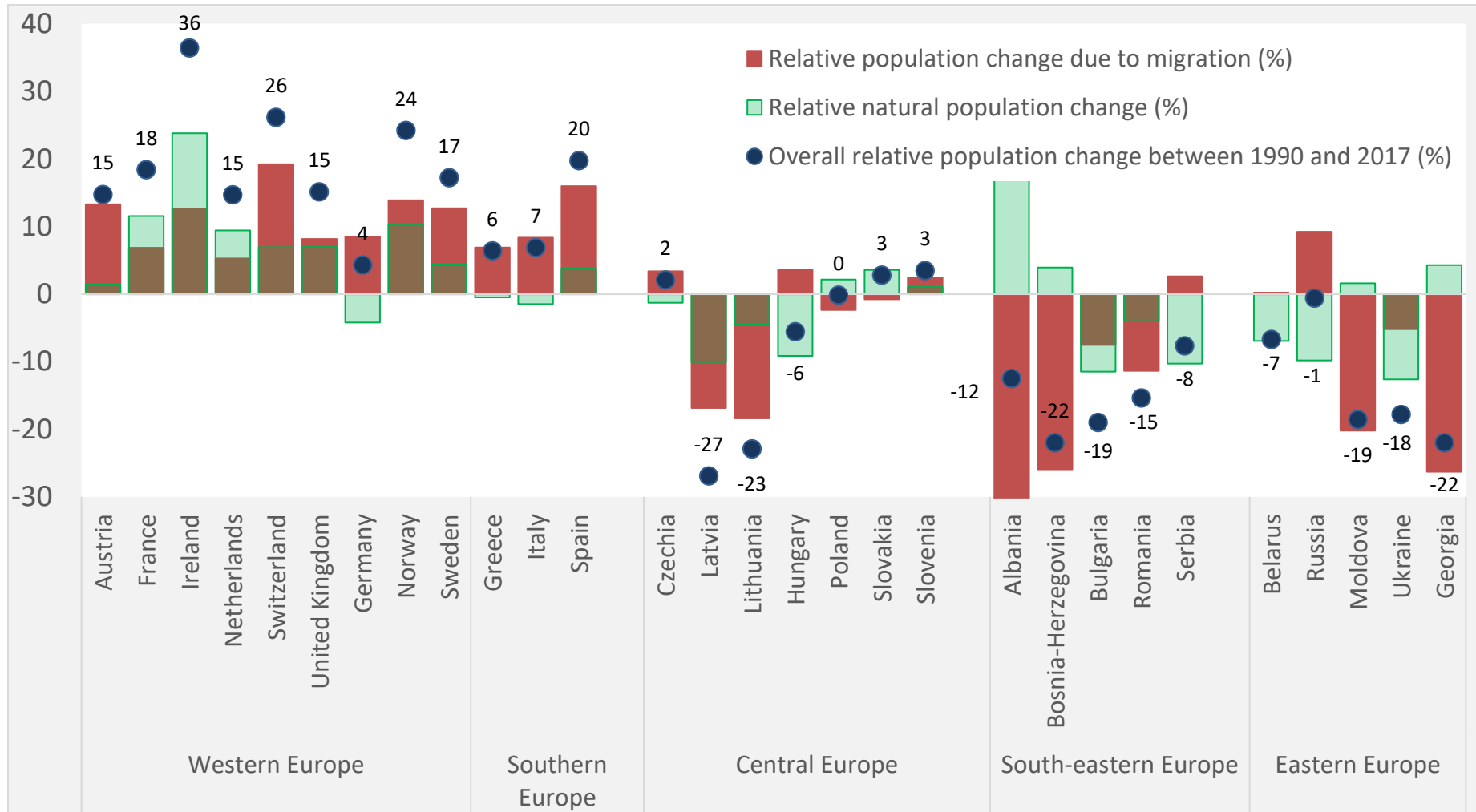
Population increase due to migration 1990–2017 (%)



East-West division in
estimated net
migration, 1990-2017

Source: *European Demographic
Data Sheet 2018*;
<http://www.populationeurope.org>

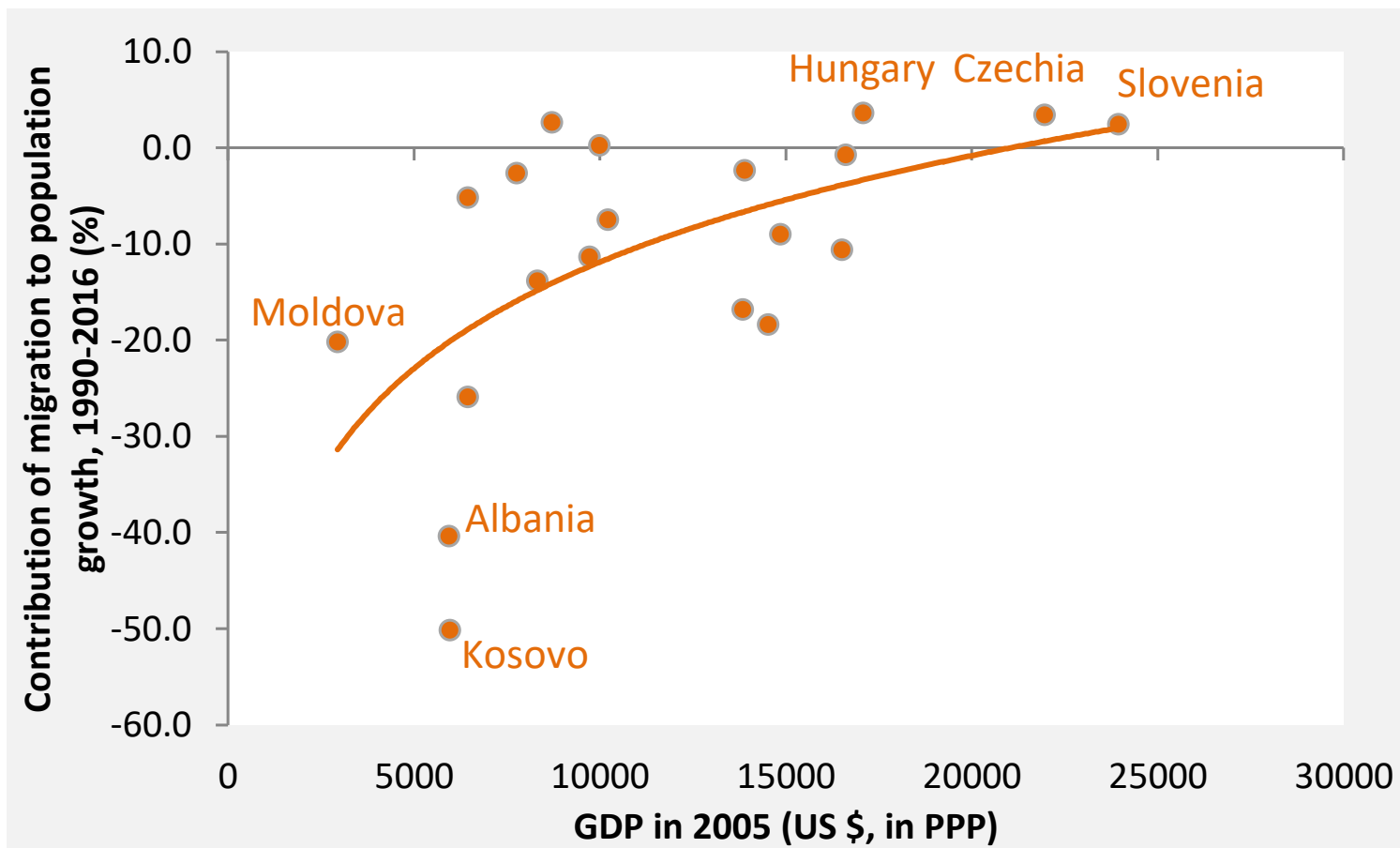
Population change due to migration and natural population decline, 1989-2017 (selected European countries, in %)



Source: *European Demographic Data Sheet 2018*; www.populationeurope.org

CEE migration closely correlated with economic development

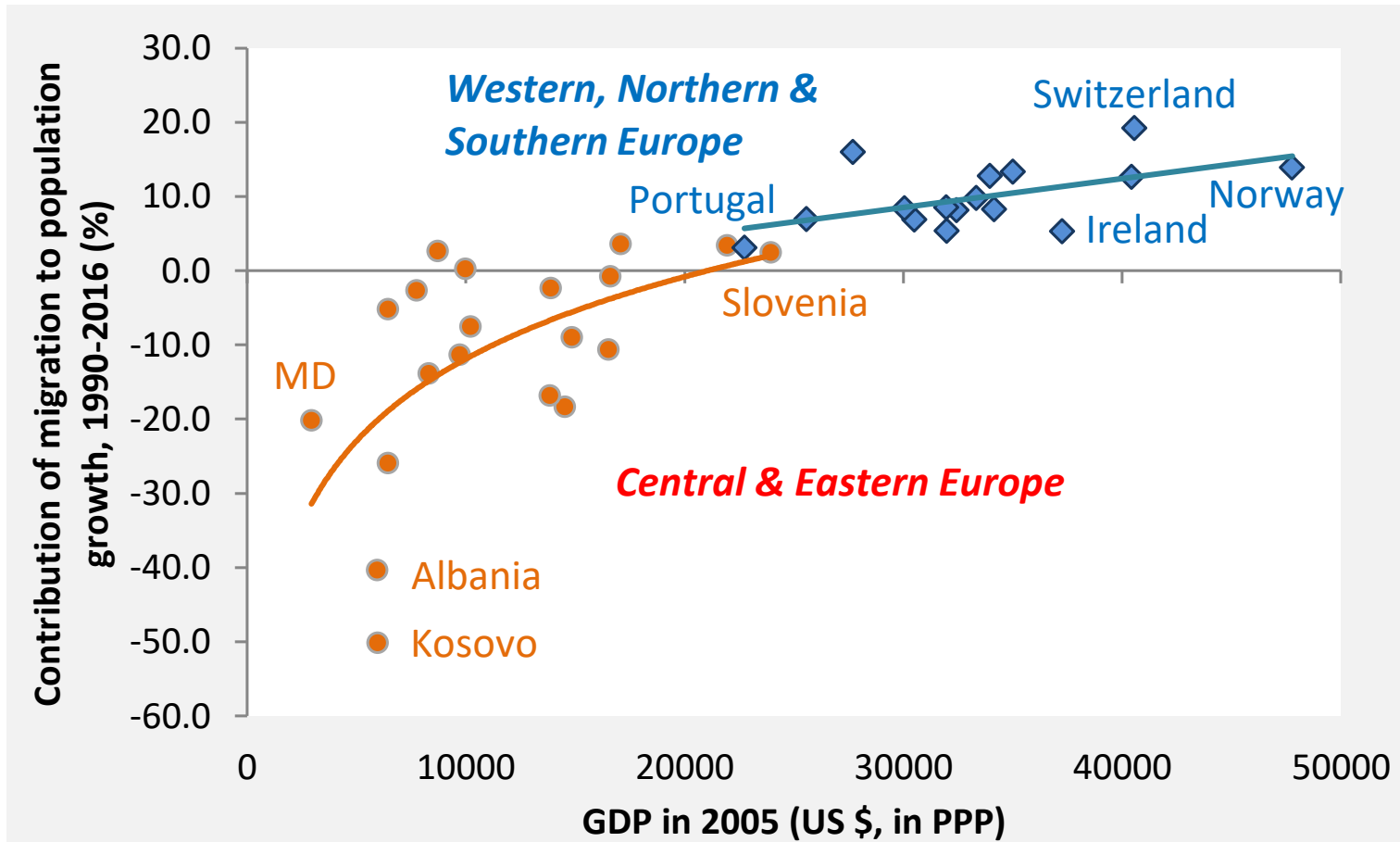
GDP per capita in 2005 (in PPP) and cumulated population change due to migration, 1990-2016



Sources: GDP data: World Bank database (2018); migration: *European Demographic Data Sheet 2018*; <http://www.populationeurope.org>

European migration closely correlated with economic development

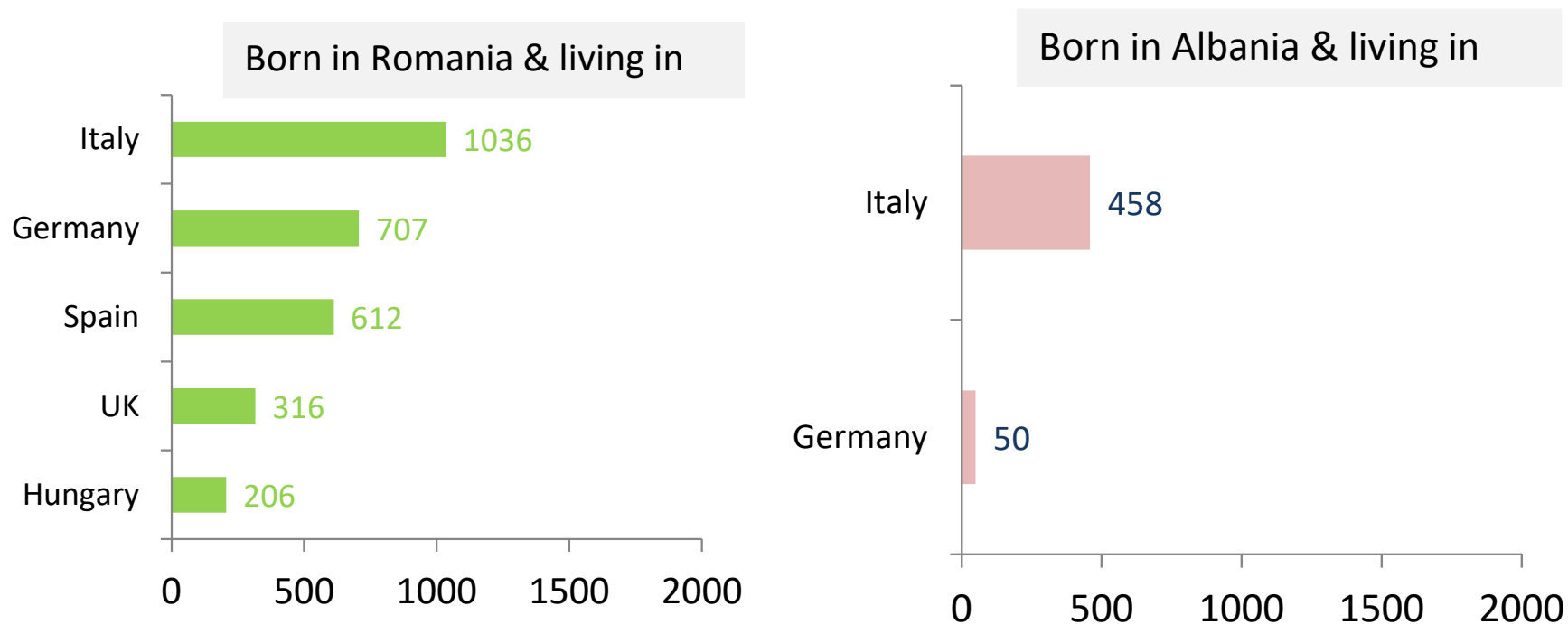
GDP per capita in 2005 (in PPP) and cumulated population change due to migration, 1990-2016



Sources: GDP data: World Bank database (2018); migration: *European Demographic Data Sheet 2018*; <http://www.populationeurope.org>

The diversity of East-West European migration

Migration streams from Romania and Albania

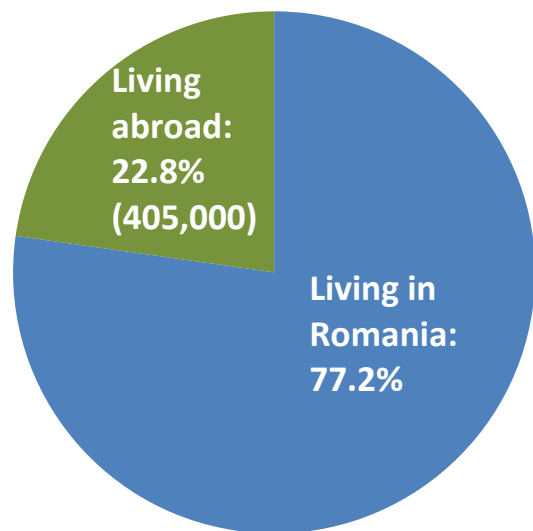


Source: own computations based on Eurostat database (2018) and data from German statistical office (based on citizenship)

Where has everyone gone? Young Romanians abroad

Romanian “losses” due to migration

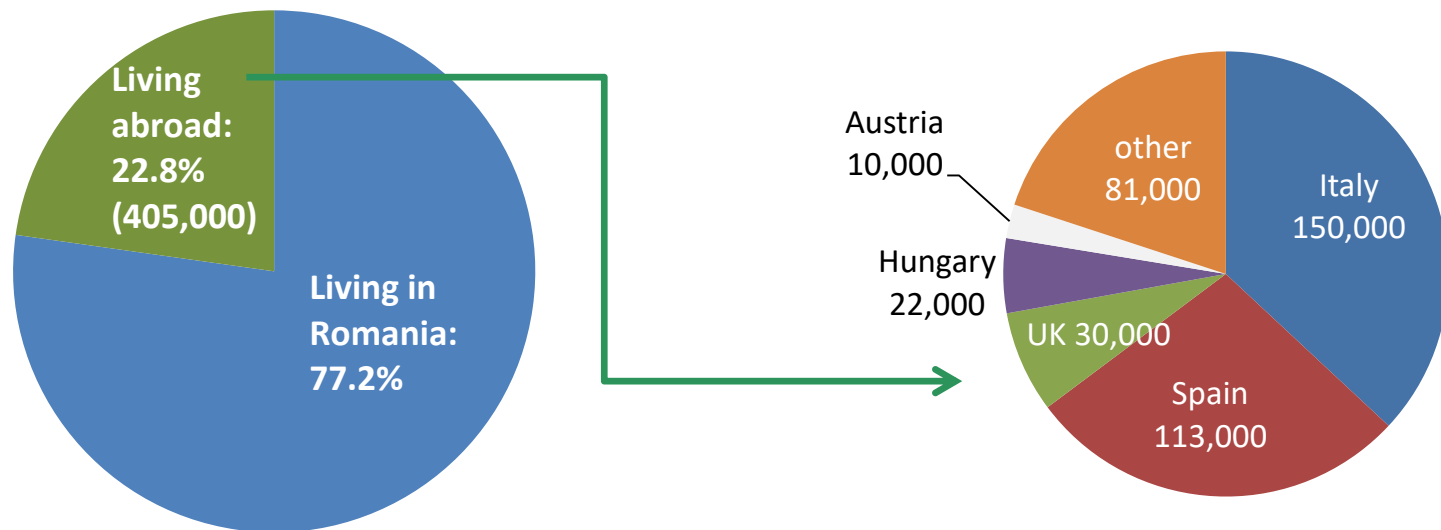
- Age 30-34: peak reproductive and productive ages, high cumulative migration
- In 2014, ca 1.78 mill. Romanians surviving, out of 1.86 mill. born in 1979-83



Where has everyone gone? Young Romanians abroad

Romanian “losses” due to migration

- Age 30-34: peak reproductive and productive ages, high cumulative migration
- In 2014, ca 1.78 mill. Romanians surviving, out of 1.86 mill. born in 1979-83



Source: own estimations based on Eurostat database

Where has everyone gone?

Young Moldovans abroad

Share economically active population estimated working abroad:

2000: 8.4%; 2013: 27.0% (UNFPA, CCD/INCE 2014, Tab. 9.1)

Split families, abandoned kids:

- 1.4% of kids left without parental care & placed in institutions in 2005
- >20% of school-aged kids had parents living abroad in 2005-10

(UNFPA, CCD/INCE report 2014, Tab. 6.4)

Managing population decline & ageing

INVESTIGATION

Mass Depopulation Threatens Bosnia's Future

BIRN | Prijedor, Sarajevo | BIRN | May 18, 2015

Bosnia faces bleak future as more and more citizens emigrate, leading to ethnic tensions and economic and social decline.



Serbian villages turning into ghost towns - in pictures

▲ Two elderly women Photograph: Manno Gagny/Reuters

Romanian hospitals in crisis as emigration takes its toll

Thousands of doctors and nurses have left Romania in past decade, leading to dire staff shortages



▲ 'We have to change absolutely everything if people are going to stay': Gabriela Dumitru, 65, a maternity ward doctor in Slobozia, Romania. Photograph: Shaun Walker/The Guardian

Gabriela Dumitru was supposed to retire years ago, but instead, she's working longer hours than ever before. The 65-year-old is one half of a team of two doctors at the neonatology ward in Slobozia, a depressed town about two hours' drive from Romania's capital, Bucharest.

LIFESTYLE AUGUST 23, 2017 / 1:34 PM / 2 YEARS AGO

Depopulation turns Serbian villages into ghost towns

3 MIN READ



REPUSNICA, Serbia (Reuters) - Repusnica was once a bustling village on the slopes of Mount Stara Planina in Serbia. Now its bars lie empty, its houses stand shuttered and nobody walks its streets.



Shaun Walker in Slobozia

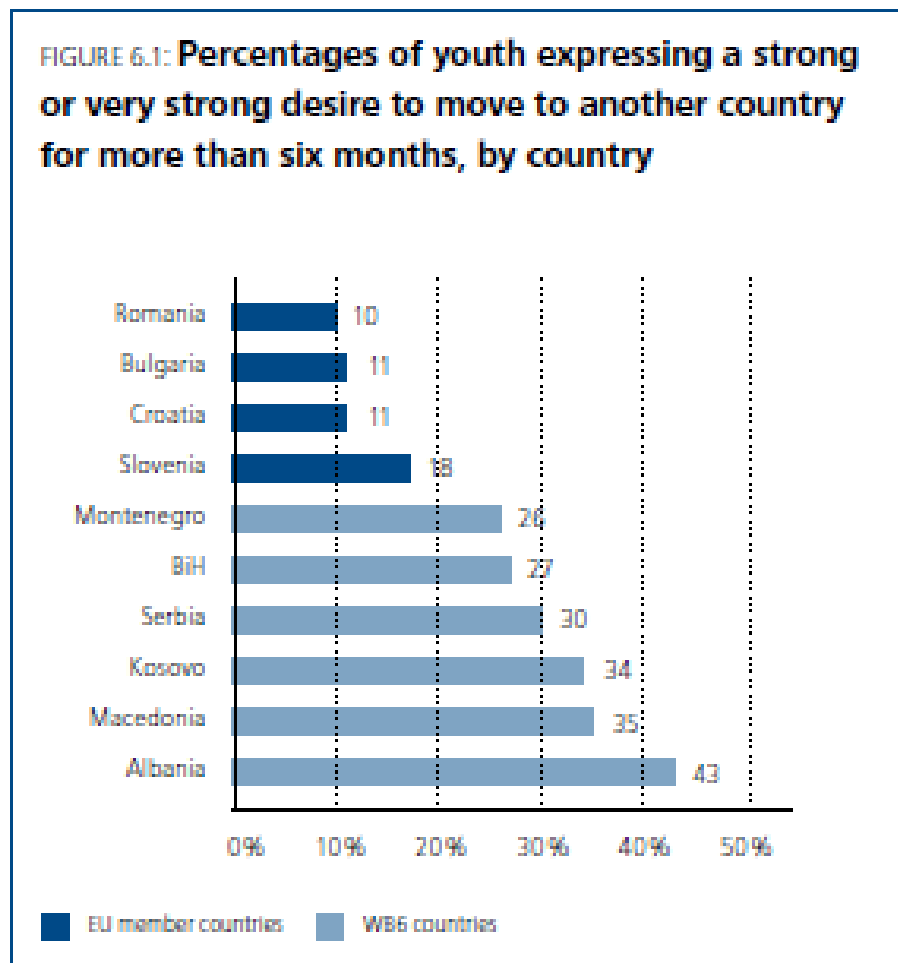
Sun 21 Apr 2019 10:57 BST



1,945

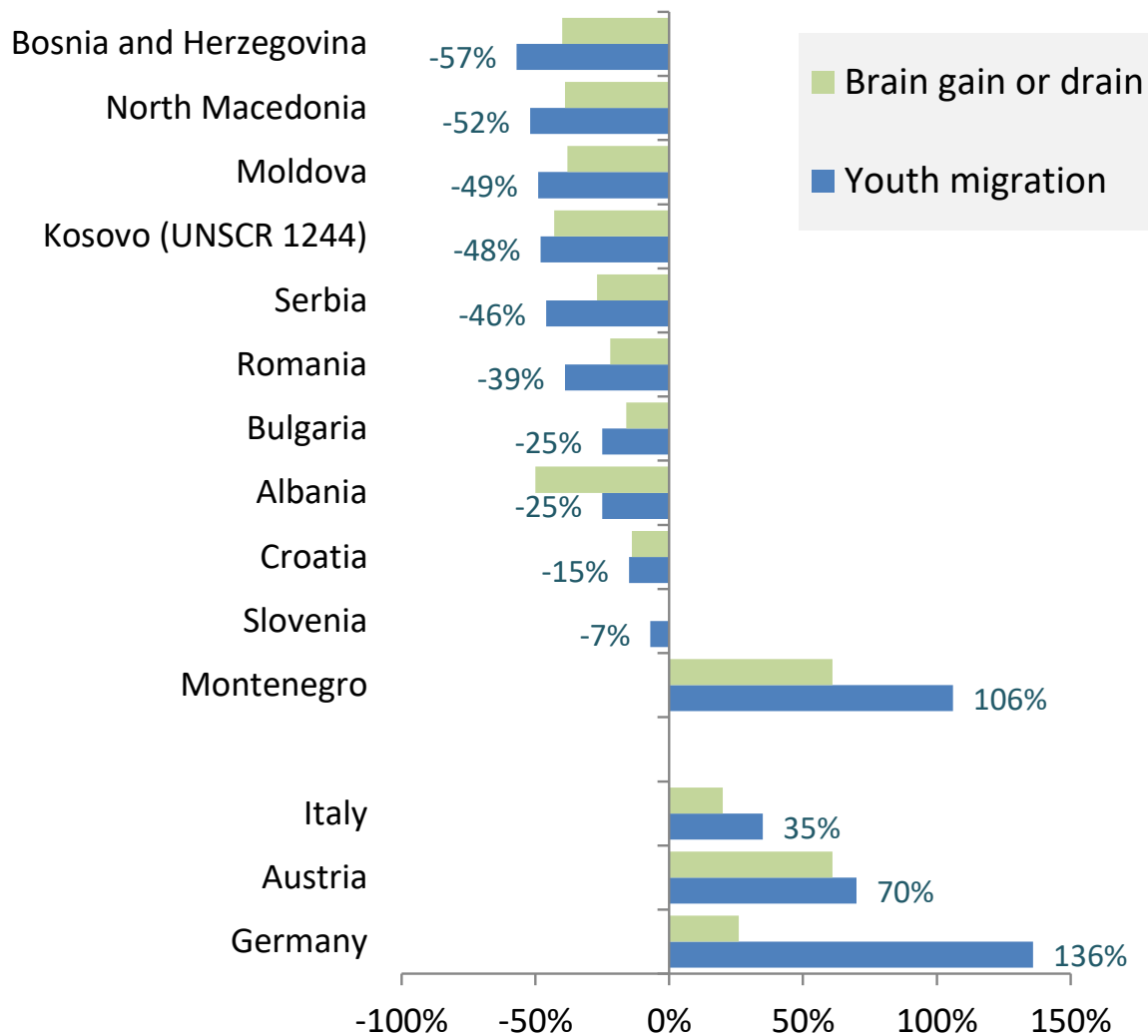
Future outlook and challenges:
continuing outmigration and
depopulation?

Strong desire to emigrate in many countries



Source: Lavrič, Miran & Jusic, Mirna & Tomanovic, Smiljka. (2019). YOUTH STUDY SOUTHEAST EUROPE 2018/2019.

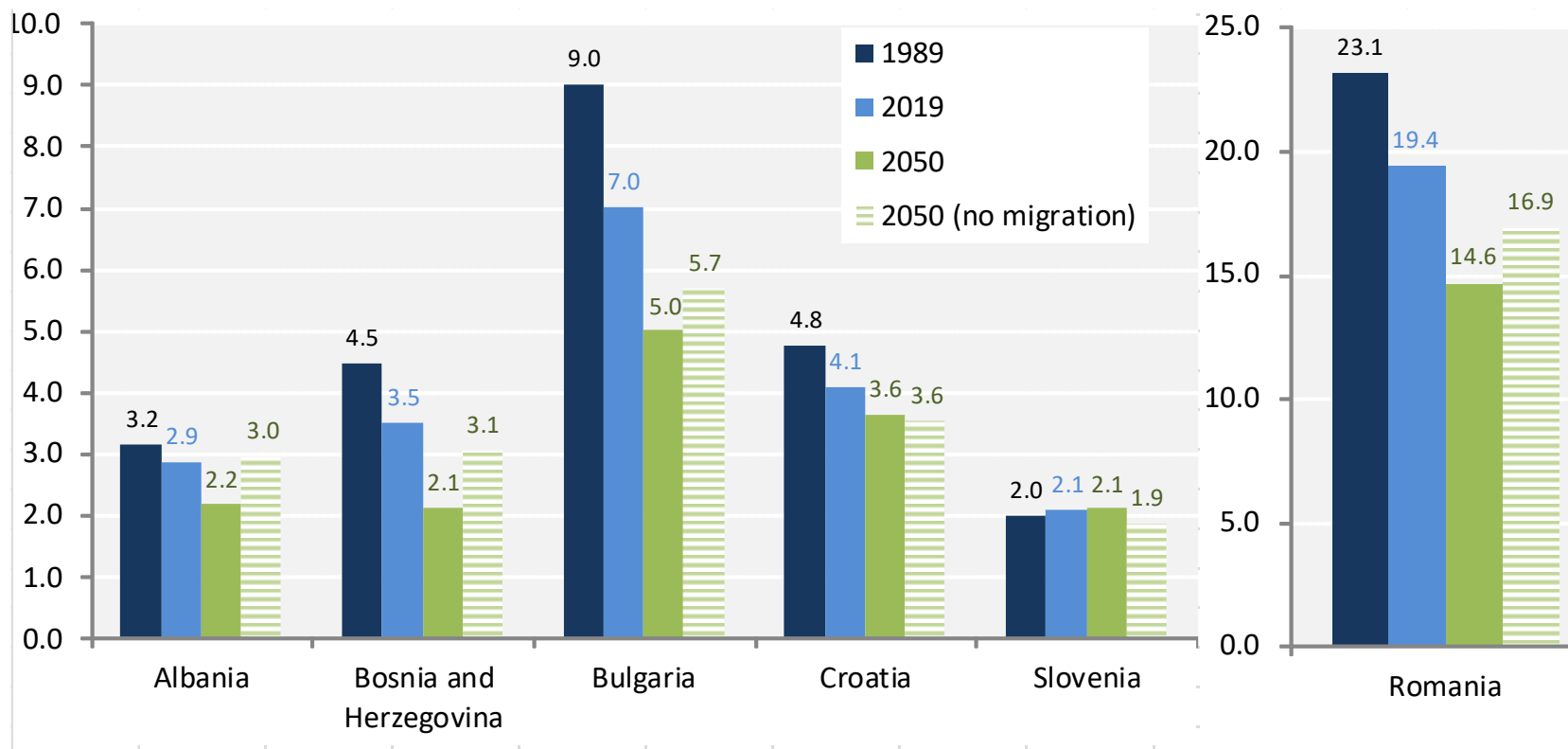
Potential net migration index, 2015-17 (Gallup)



Based on phone surveys covering the following Q:
Ideally, if you had the opportunity, would you like to move permanently to another country, or would you prefer to continue living in this country?
 Youth = age 15-29

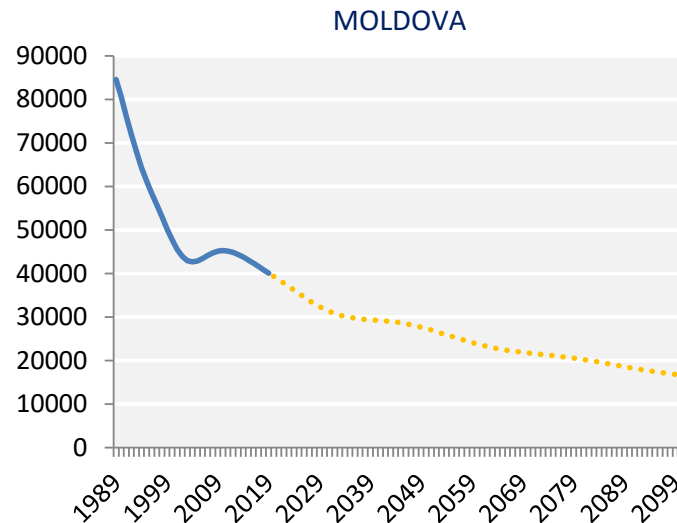
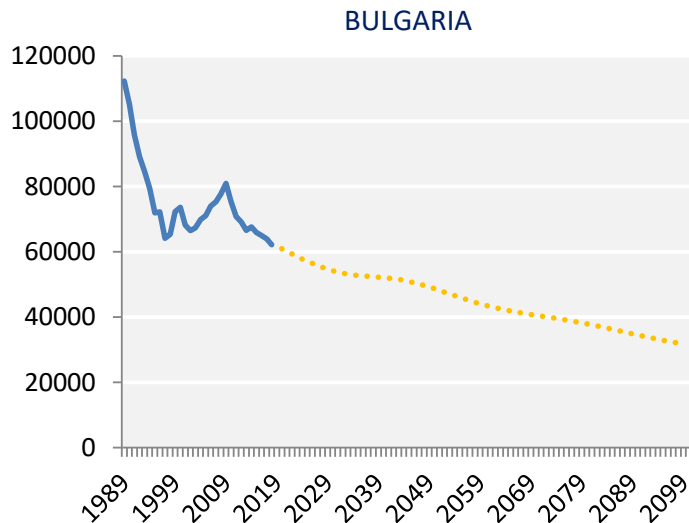
Source: Potential Net Migration Index; Gallup;
<http://news.gallup.com/migration/interactive.aspx>; accessed 21 October 2019

Observed and projected population change, with and without migration, 1989-2050 (CEPAM scenarios)



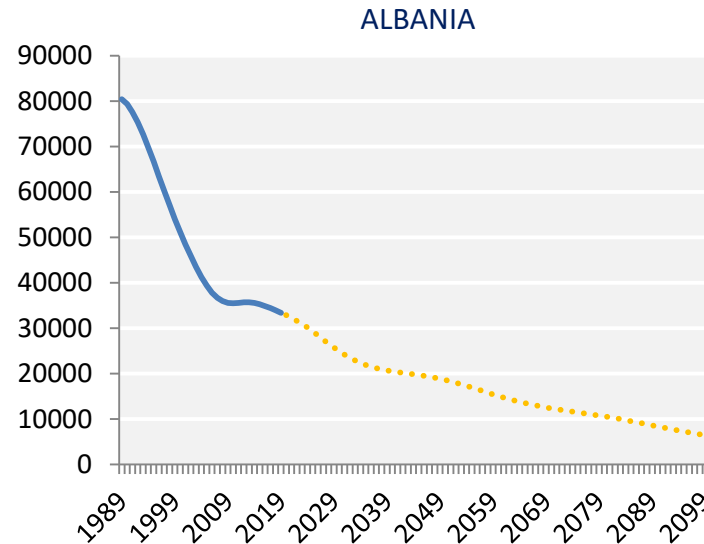
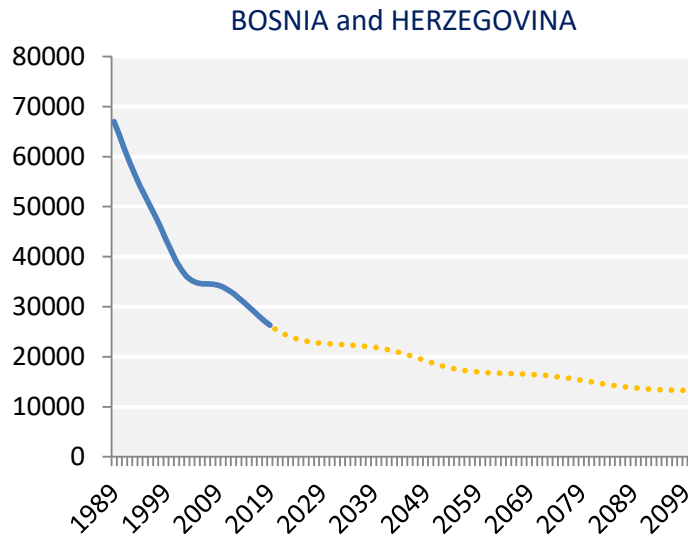
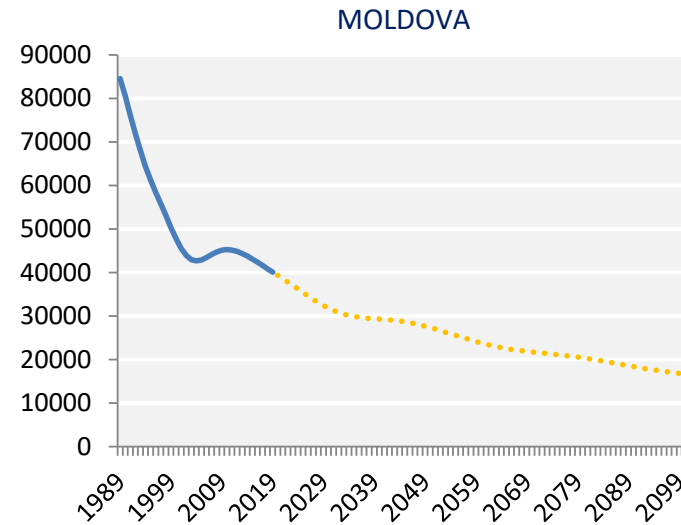
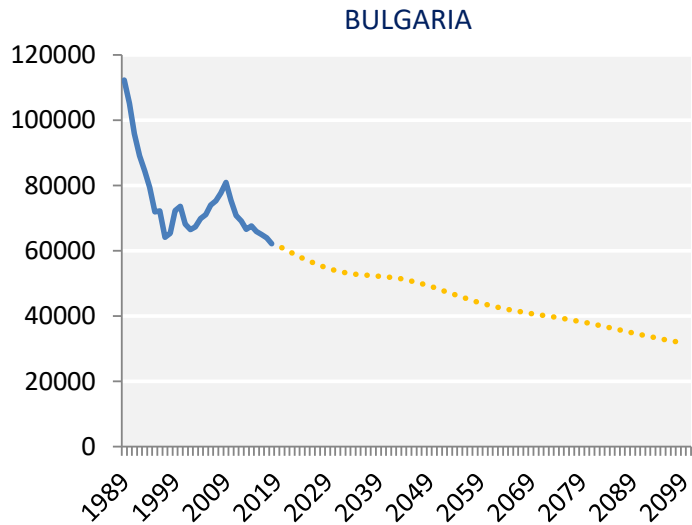
Source: Projected population based on *SSP2 CEPAM Medium* and *SSP2 CEPAM Zero Migration* Scenarios in: Centre of Expertise on Population and Migration (CEPAM) Project (collaboration between JRC and IIASA) // Lutz W. et al.: *Demographic and Human Capital Scenarios for the 21st Century: 2018 assessment for 201 countries*.

Limits to potential fertility upturns: emigration and population momentum driving sharp falls in numbers of births



Source: Observed live births: Eurostat database (2019) and UN World Population Prospects 2019. Projected live births, 2020-2099: *UN World Population Prospects 2019* (Medium Fertility scenario); File File INT/1: Interpolated demographic indicators by region, subregion and country, annually for 1950-2099

Limits to potential fertility upturns: emigration and population momentum driving sharp falls in numbers of births



Challenges of ultra-fast population aging (Bosnia and Herzegovina)

Alternative Scenarios to 2100

Projection Results by Scenario (SSP1-3)

| | 2015 | 2020 | 2030 | 2050 | 2060 | 2075 | 2100 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Population (in millions) | | | | | | | |
| <i>SSP1 - Rapid Development</i> | 3.54 | 3.36 | 2.98 | 2.15 | 1.75 | 1.22 | 0.59 |
| <i>SSP2 - CEPAM Zero Migration</i> | 3.54 | 3.50 | 3.40 | 3.06 | 2.87 | 2.58 | 2.15 |
| <i>SSP2 - CEPAM Medium</i> | 3.54 | 3.36 | 2.97 | 2.11 | 1.71 | 1.19 | 0.66 |
| <i>SSP2 - CEPAM Double Migration</i> | 3.54 | 3.21 | 2.57 | 1.41 | 0.95 | 0.48 | 0.21 |
| <i>SSP3 - Stalled Development</i> | 3.54 | 3.41 | 3.27 | 2.95 | 2.83 | 2.69 | 2.69 |
| Proportion age 65+ | | | | | | | |
| <i>SSP1 - Rapid Development</i> | 15.7% | 18.7% | 26.7% | 43.8% | 52.4% | 62.6% | 76.9% |
| <i>SSP2 - CEPAM Zero Migration</i> | 15.7% | 17.9% | 22.8% | 29.5% | 33.5% | 36.8% | 40.3% |
| <i>SSP2 - CEPAM Medium</i> | 15.7% | 18.6% | 25.8% | 39.3% | 45.1% | 49.0% | 52.0% |
| <i>SSP2 - CEPAM Double Migration</i> | 15.7% | 19.3% | 29.4% | 54.1% | 63.6% | 66.1% | 44.5% |
| <i>SSP3 - Stalled Development</i> | 15.7% | 18.2% | 22.8% | 26.0% | 26.5% | 25.5% | 24.0% |

Source: Projected population scenarios in: Centre of Expertise on Population and Migration (CEPAM) Project (collaboration between JRC and IIASA) // Lutz W. et al.: *Demographic and Human Capital Scenarios for the 21st Century: 2018 assessment for 201 countries*. (Table on p. 282)

Population decline should not be addressed through birth rates only

- Key role of outmigration
- Population decline will not slow down unless migration trends reversed: slowing-down out-migration & attracting immigrants
- Paramount role of economic conditions, migration policies
- Also infrastructure building, governance, investment in families
- Migration will have a stronger impact on long-term trends in the number of births than fertility rates: will most of the Bosnian/Serbian/Albanian/Croatian kids in the future be born in the region or in Western & Southern Europe?
- Family policies: Shift away from quantitative targets to softer qualitative criteria: well-being, happiness, health, human capital
- Rapid adaptation policies needed: aging, depopulating regions

Population decline as a policy opportunity?

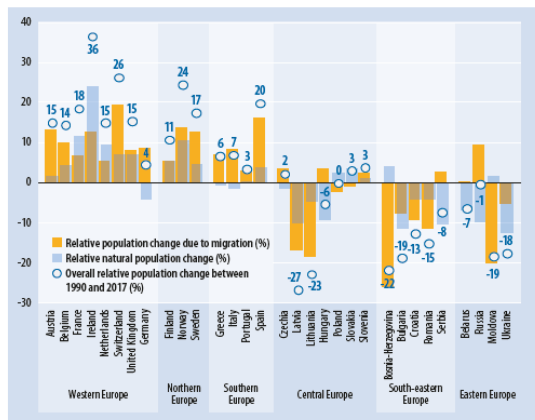
Investment in kids, families and young adults

Smaller population and fewer kids may be helpful for the qualitative shift in family policy, improving human capital, and for achieving some of the SDGs

- Easier to expand childcare provision, improve quality of education and healthcare for kids & pregnant women
- Potentially easier to address youth unemployment & the high share of NEETs
- Easier to expand child benefits and eradicate poverty in larger families
- Opportunity to make housing in cities & towns more accessible for young people
- Opportunity to increase the quality of schools & teaching

European Demographic Data Sheet 2018

Contribution of migration and natural population change to long-term population growth in Europe, 1990–2017



Population change in selected countries, 1990–2017 (in %)

Europe today remains divided by long-term population trends. This division mostly follows the past geopolitical cleavage between Europe's East and West.

Countries in the comparatively rich regions – the West, South, and North – continue to experience rising population sizes, due to a combination of minor natural population increases and higher levels of immigration than emigration. Only a few countries, including Germany and Italy, saw a slight natural decrease in their populations between 1990 and 2017, due to deaths outnumbering births. Natural changes in population size have been overtaken by trends in migration, pushing change in the opposite direction. Ireland, Norway, Spain and Switzerland as well as several other smaller countries have seen their populations expand by more than 20% since 1990. Except in Ireland, migration has driven most of the recent population expansion.

In contrast, almost all countries in Central, South-Eastern, and Eastern Europe saw substantial population declines, due to a combined effect of natural population decrease and emigration. Several countries, such as Bulgaria, Latvia, Lithuania, Moldova, Bosnia and Herzegovina and Kosovo (not shown) observed a shrinking of their populations by 19% or more, unprecedented in times of peace. Several richer countries of the region – Czechia, Slovenia, and Slovakia – have recorded slight population increases and in Russia a large surplus of deaths over births has been almost entirely offset by positive net migration from the countries of the former Soviet Union.



Data, graphs and featured boxes available at

www.populationeurope.org

Realizing the potential of living longer



POPULATION



Vitalija Gaucaite Wittich

Population Dynamics, Human Capital and Sustainable Development in South-East Europe, 21-22 October 2019, Sarajevo



UNECE region

Member States

POPULATION

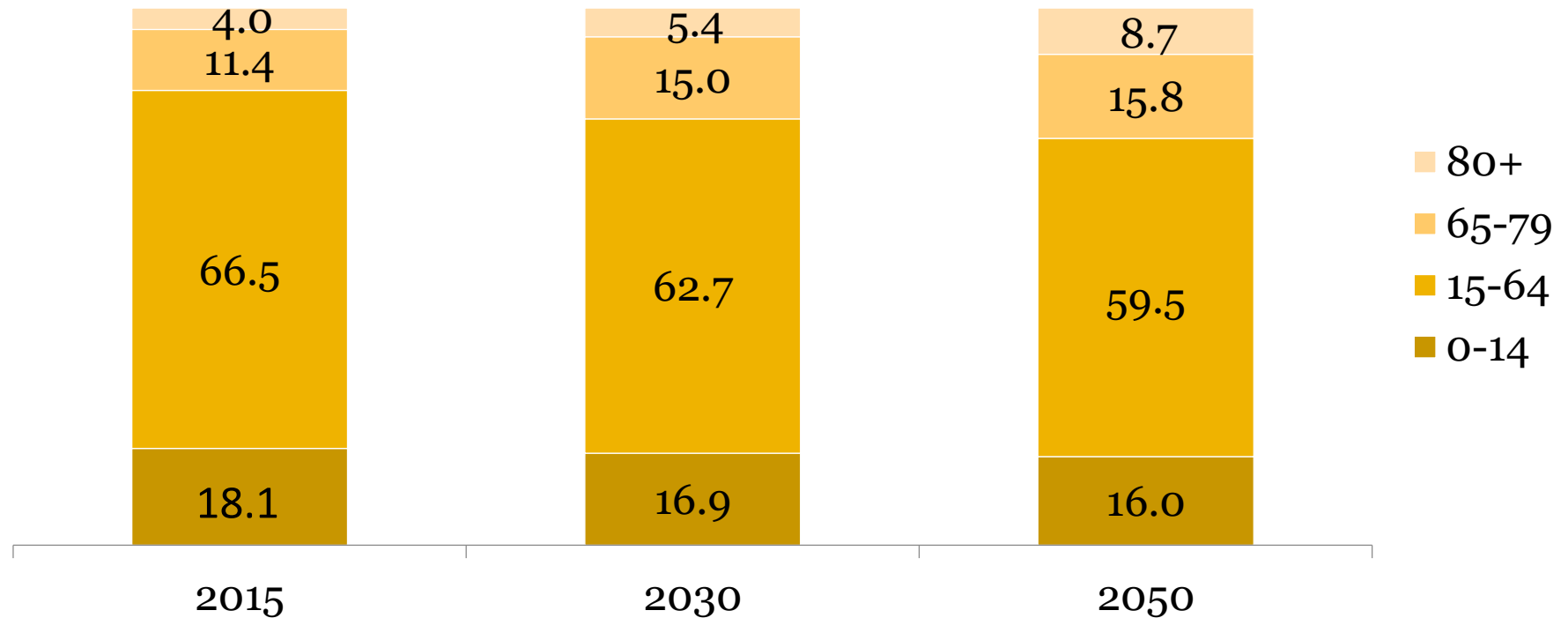


**56 member States,
17 % of world population, >30 % of world's 65+**

UNECE region

Population age composition (%)

POPULATION



Source: UNDESA World Population Prospects, rev. 2019

Policy response

2017 Lisbon Declaration

3 goals for the fourth cycle

POPULATION



2017

2018

2019

2020

2021

Goal 1 – Recognizing the potential of older persons

Goal 2 – Encouraging longer working life and ability to work

Goal 3 – Ageing with dignity



Lisbon, 20-22 September 2017

A SUSTAINABLE
SOCIETY FOR ALL AGES

Realizing the potential
of living longer

UNECE MINISTERIAL CONFERENCE ON AGEING 2017

Suggested Approaches

POPULATION



- Age-integrated approach to facilitate transitions between education, working, caring and leisure
- Possibility to flexibly combine these stages over the life course while mitigating personal risks and social inequalities



Suggested Approaches

POPULATION



Collaborative efforts of individuals, civil society, businesses and the state aiming at realizing the potential of:

- Healthy life years
- Extended working lives
- Silver economy
- Volunteering & caring



Active Ageing Index

Capturing various facets of active ageing & indicating how much of the potential of older persons is realized



AAI

22 indicators

4 domains

OVERALL INDEX

DOMAINS

INDICATORS



Active Ageing Index

The Active Ageing Index (AAI) is a tool to measure the untapped potential of older people for active and healthy ageing across countries. It measures the level to which older people live independent lives, participate in paid employment and social activities as well as their capacity for active ageing.

| Employment | Participation in Society | Independent, Healthy and Secure Living | Capacity and Enabling Environment for Active Ageing |
|-----------------------|------------------------------------|----------------------------------------|-----------------------------------------------------|
| Employment rate 55-59 | Voluntary activities | Physical exercise | Remaining life expectancy at age 55 |
| Employment rate 60-64 | Care to children and grandchildren | Access to health services | Share of healthy life expectancy at age 55 |
| Employment rate 65-69 | Care to infirm and disabled | Independent living | Mental well-being |
| Employment rate 70-74 | Political participation | Financial security (three indicators) | Use of ICT |
| | | Physical safety | Social connectedness |
| | | Lifelong learning | Educational attainment |

Actual experiences of active ageing

Capacity to actively age






Active Ageing Index, 2018

POPULATION



North Macedonia

Serbia

| | Men | Women | | Men | Women |
|----------------------------------------------------------------------------------------------------------------|------|-------|--|------|-------|
|  Overall | 34.3 | 27.2 | | 36.5 | 30.1 |
|  Employment | 30.8 | 14.5 | | 36.6 | 21.3 |
|  Participation in society | 15.8 | 13.7 | | 19.1 | 17.0 |
|  Independent living | 60.4 | 59.0 | | 62.0 | 61.1 |
|  Capacity for active ageing | 59.7 | 57.3 | | 53.9 | 52.7 |

Active Ageing Index, 2018

POPULATION



Capacity for active ageing

North Macedonia

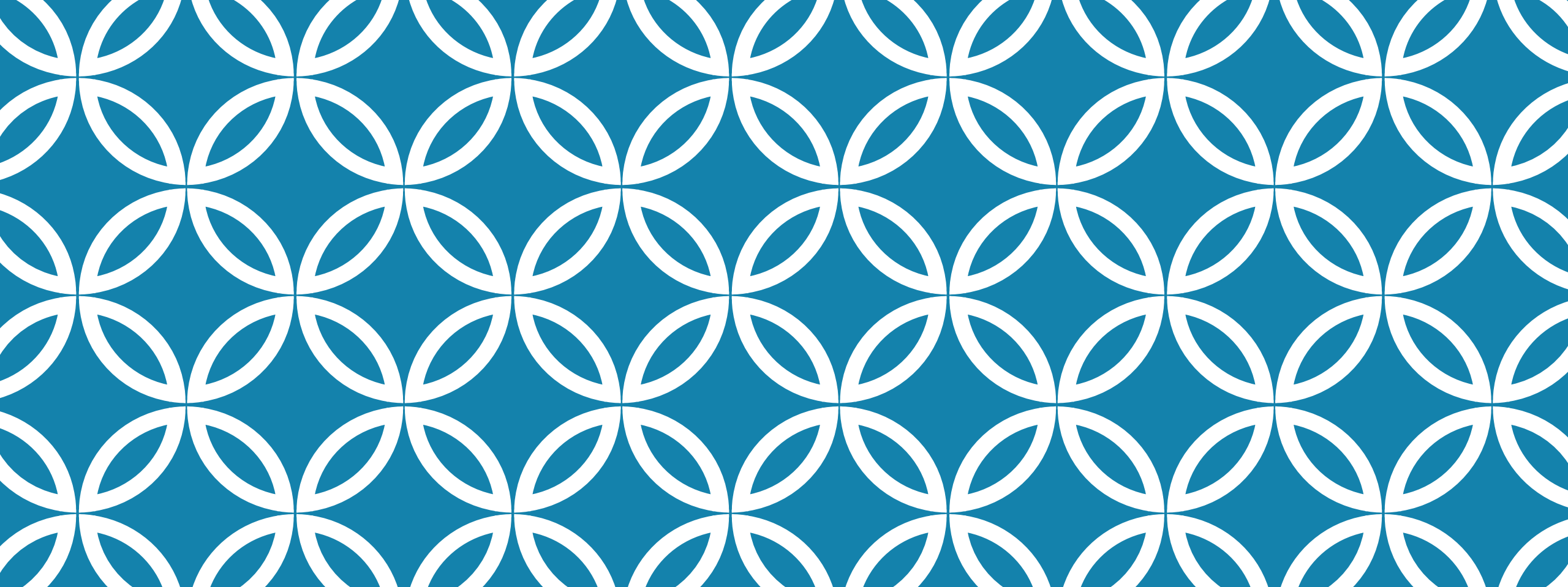
Serbia

| | Indicators | Men | Women | | Men | Women |
|-----|------------------------------------------|------|-------|--|------|-------|
| 4.1 | RLE at age 55 (as % of next 50 years) | 43.8 | 50.0 | | 43.2 | 51.0 |
| 4.2 | Share of HLE in RLE | 71.7 | 62.1 | | 70.5 | 66.0 |
| 4.3 | Mental well-being | 81.9 | 81.1 | | 50.6 | 45.7 |
| 4.4 | Use of ICT | 38.0 | 32.0 | | 39.0 | 29.0 |
| 4.5 | Social connectedness | n/a | n/a | | n/a | n/a |
| 4.6 | Educational attainment | 63.2 | 43.1 | | 72.2 | 55.4 |



Thank you

<https://www.unece.org/population/ageing.html>



FAMILY POLICIES

Anna Gromada
UNICEF Office of Research, Florence

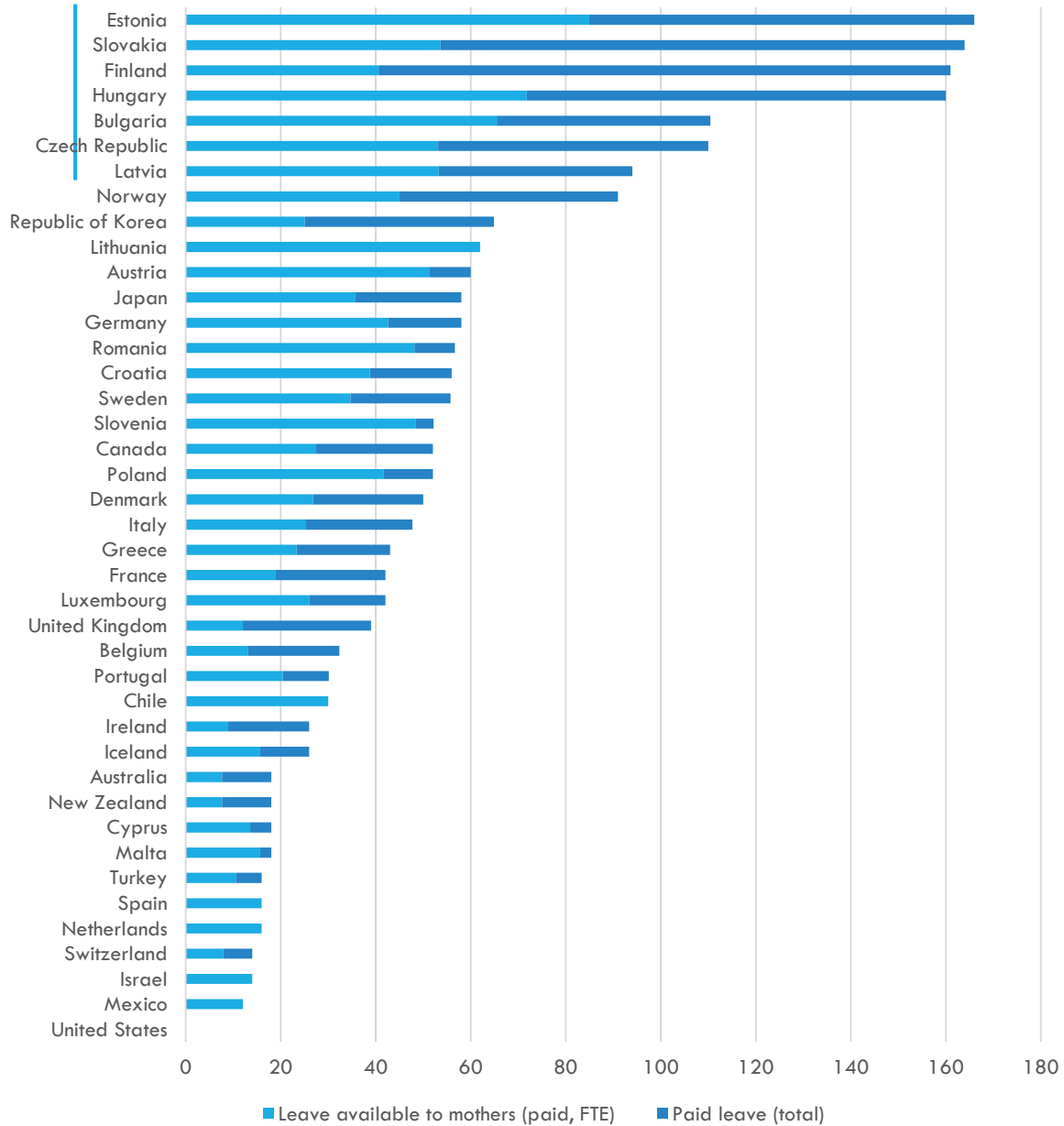
Sarajevo, 22 October 2019



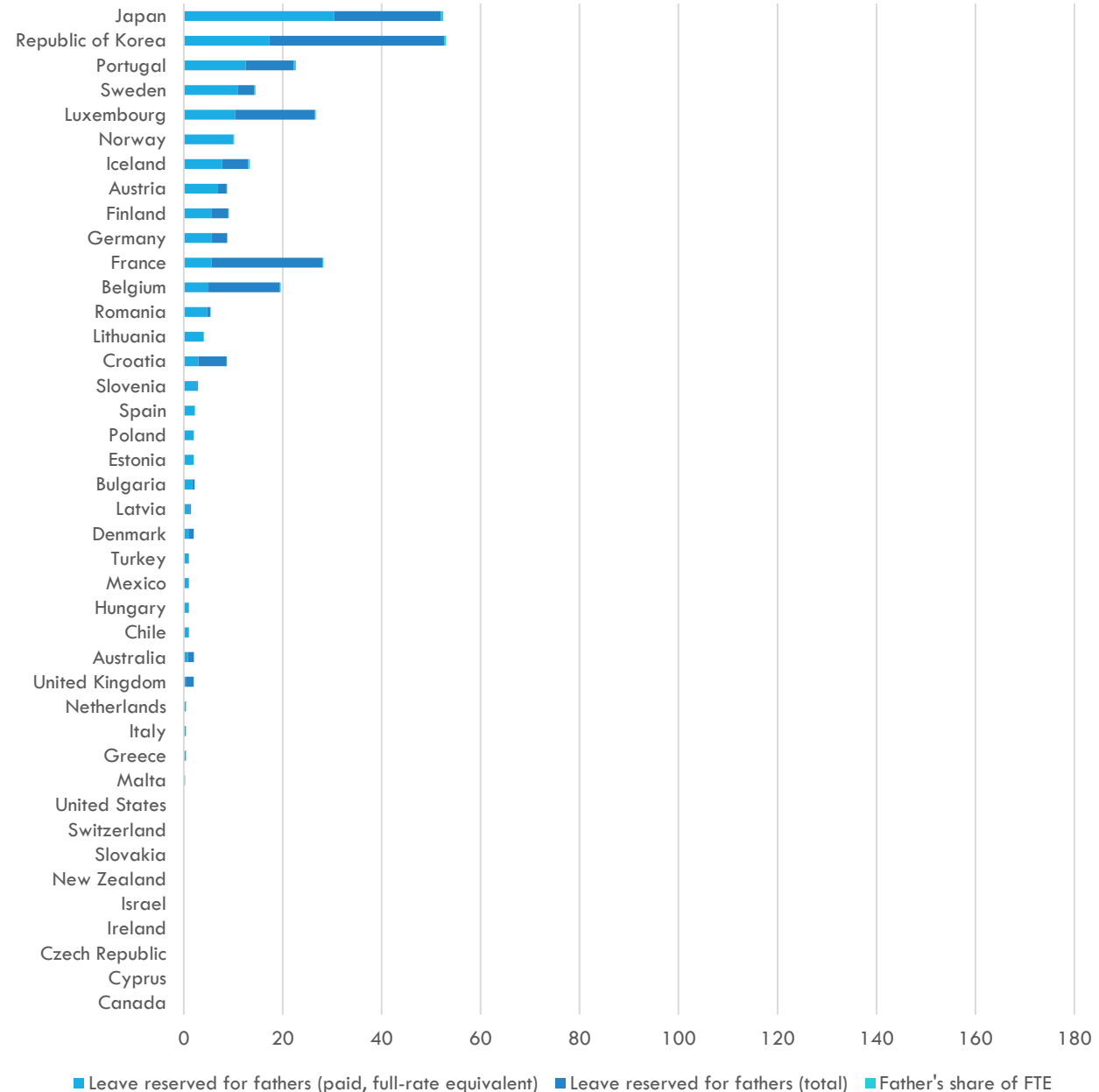
FATHERS ON THE LEAVE



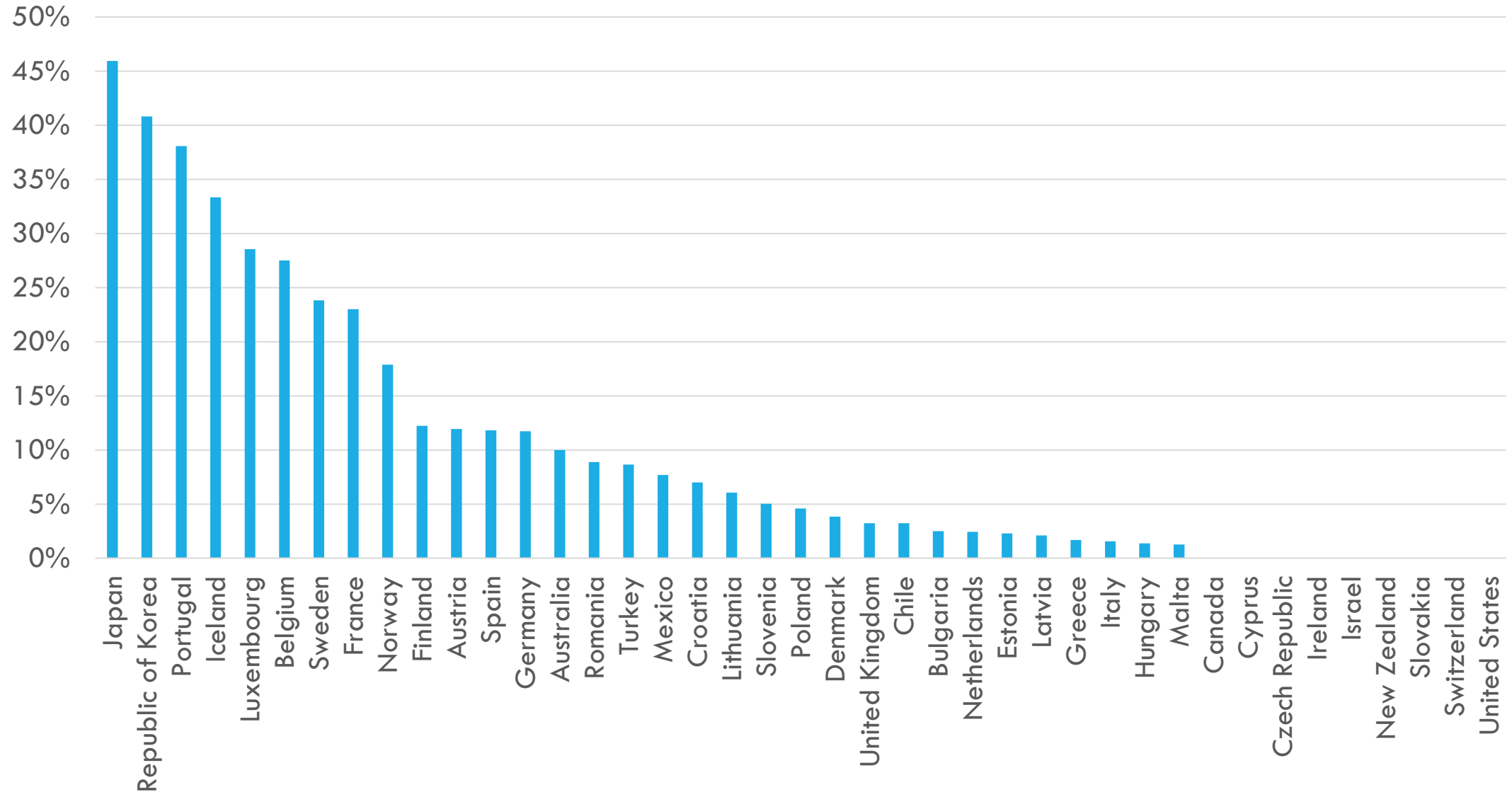
MOTHERS



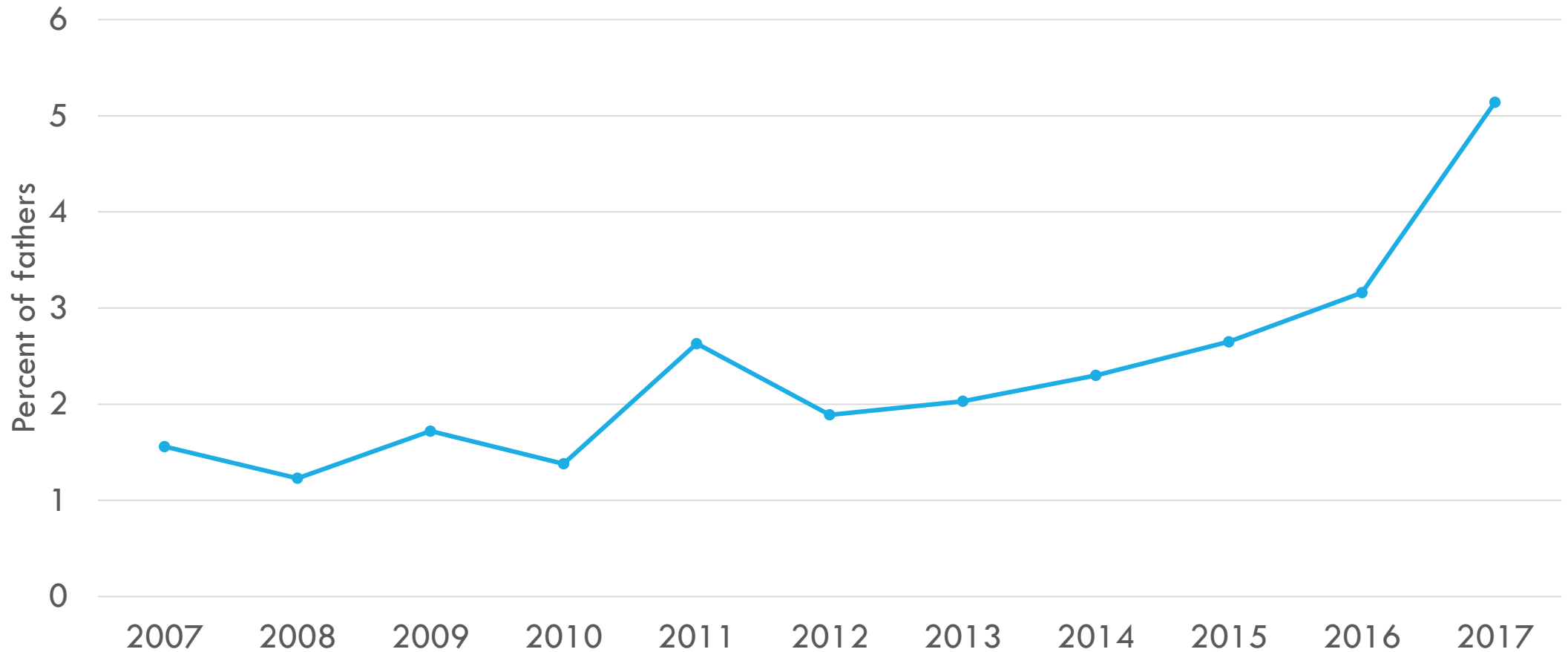
FATHERS



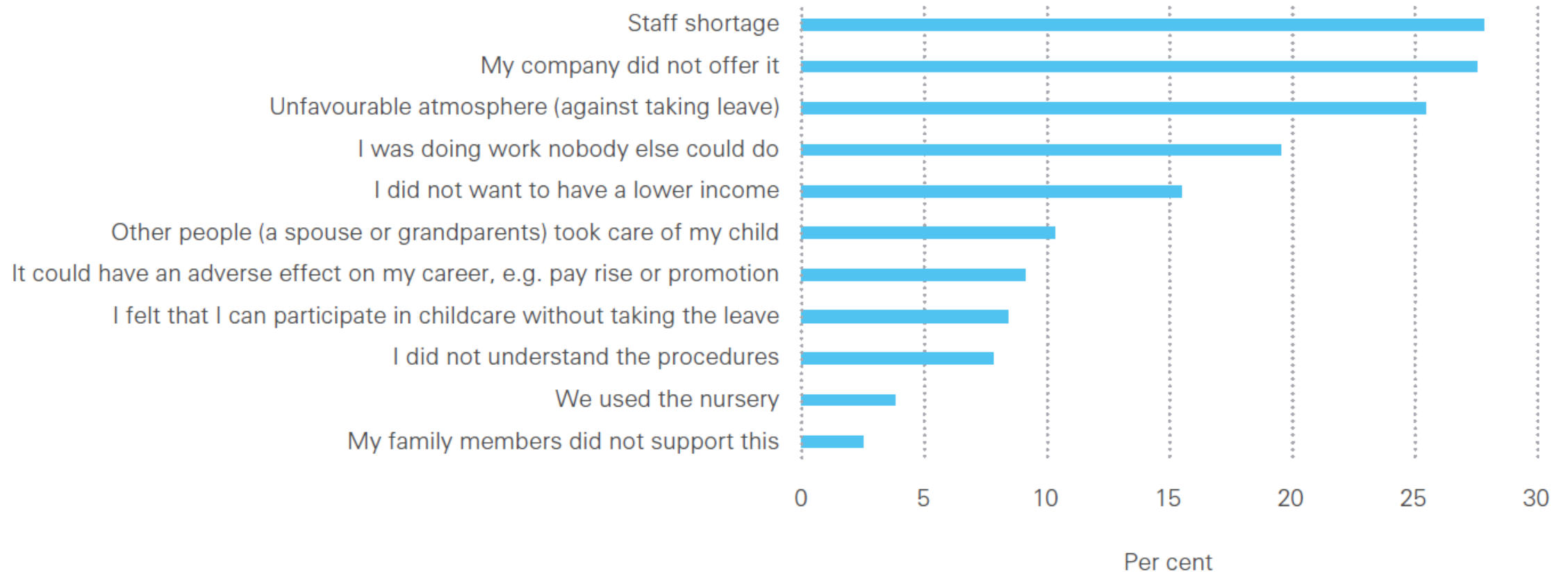
SHARE OF FATHER'S PART IN THE TOTAL LEAVE



WHO ACTUALLY TAKES THE LEAVE IN JAPAN?



REASONS FOR LOW TAKE-UP OF PATERNITY LEAVE IN JAPAN (2017)



Notes: N=1,648 (men on regular contracts who have a child under three and who did not take the leave). Percentages do not sum to 100 per cent because respondents could choose more than one reason.

Source: prepared using the Mitsubishi UFJ Research and Consulting Report 2018.

POLICY CHANGE

NATIONAL

Japan to raise subsidies for firms where dads take paternity leave, sources say

KYODO

To boost the number of employees taking paternity leave and promote female participation in the workforce, the labor ministry has decided to increase government subsidies for companies whose employees do so, sources close to the matter said Thursday.

The rate of men who take leave for child care is only around 6 percent despite six consecutive years of increase, far from the government's goal of 13 percent by 2020.

Under the current system, companies receive subsidies if they undertake steps to facilitate paternity leave, such as by holding management seminars or getting bosses to encourage subordinates to take leave.

So far, small and midsize companies receive between ¥570,000 and ¥720,000 for the first period of paternity leave taken by an employee. The sum ranges from ¥285,000 to ¥360,000 in the case of large companies. More subsidies are given if more take paternity leave, based on the number of days taken.

The labor ministry aims to add around ¥100,000 to those subsidies for every male employee at small and midsize companies who takes leave if companies take more initiative, the sources said. The details are still being studied, but large companies will receive half of the sum to be given to small and midsize companies, they said.

Japan ranked first among 41 countries in a UNICEF report in June on paternity leave based on legal entitlements.

AUG 23, 2019

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KEYWORDS

[CHILDREN](#), [JOBS](#), [PATERNITY LEAVE](#), [PARENTHOOD](#), [MHLW](#)



THANK YOU |

Panel: social and family policies

Anne H. Gauthier

NIDI-KNAW, RUG, and GGP

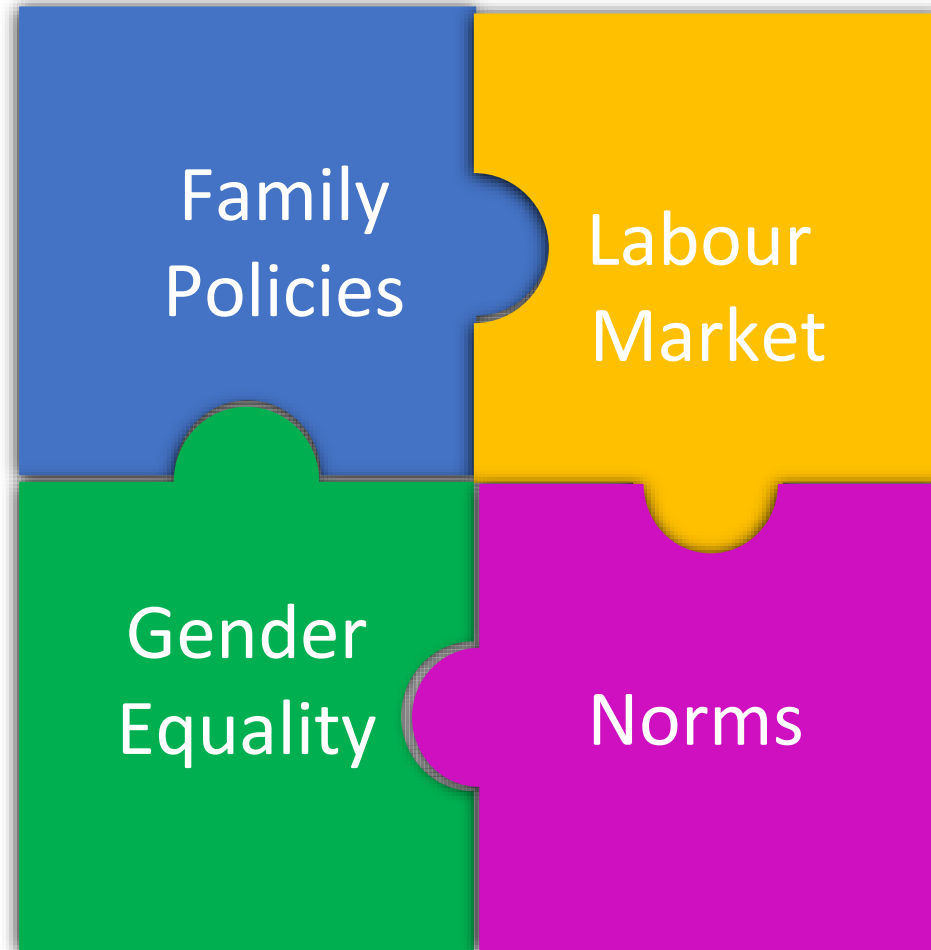
1. The design and focus of policies



1. The design and focus of policies



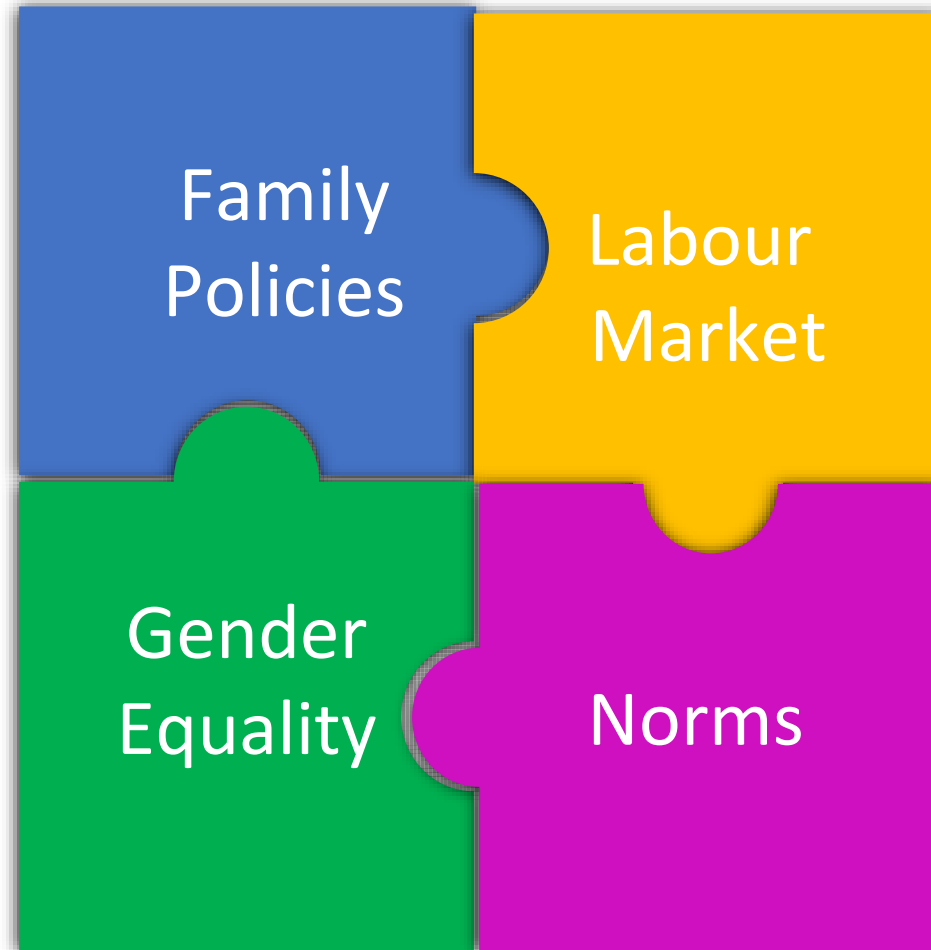
2. Having all the pieces



2. Having all the pieces

Parental leave
(well paid, not too long,
guaranteed return to
work)

Package of other policies
supporting gender
equality



Support from the
employer/ workplace,
no discrimination

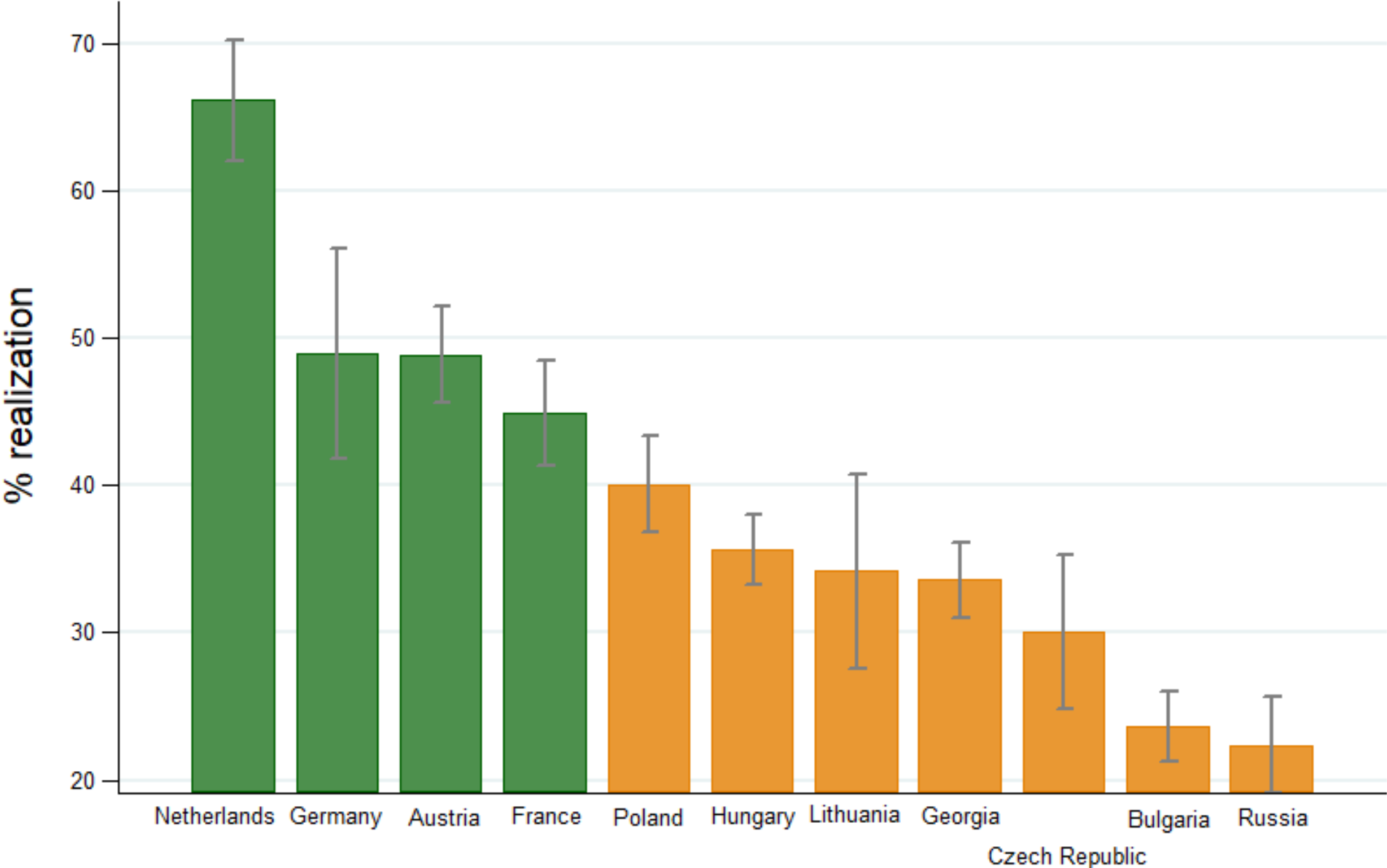
Social acceptance
of fathers taking
leave

3. It can take time!

- Often no immediate impact on fertility
- No immediate impact does not mean it does not work
- But signal that perhaps not all the pieces or pre-conditions are in place

Surveys can help!

Realization of fertility intentions by country
GGG, Wave 2



FRANK
PLATE 11

Canadian National Railways



A Farm in Canada

- opportunities for your children
- life in the open country - -
- a home and success - - -

Chick Storage Houses along the Canadian National Railway



In every Province there are fine dairy lands

Canada affords plenty of open as well as wooded



They do well in all parts of Canada



Wool made strong in a profitable industry



Learn how the Canadian National Railways' Colonization Service advises and places new settlers. An interesting booklet describing the "Canadian National Railways' Colonization Service" explains how. Ask for it.

Colonization Department
Canadian National Railways
17-19 Colindale Avenue, LONDON, S.W. 5
19 James Street, LIVERPOOL
74 High Street, BELFAST
75 Union Street, GLASGOW



FOR FURTHER PARTICULARS APPLY
SERCOMBE & HAYES, South Street, DORCHESTER.



BH Futures Foundation

Human Capital Investment: the bottom up approach

Damir Mitric, Board Member

Population Dynamics, Human Capital and Sustainable Development in South-East Europe

October 2019, Sarajevo, Bosnia & Herzegovina



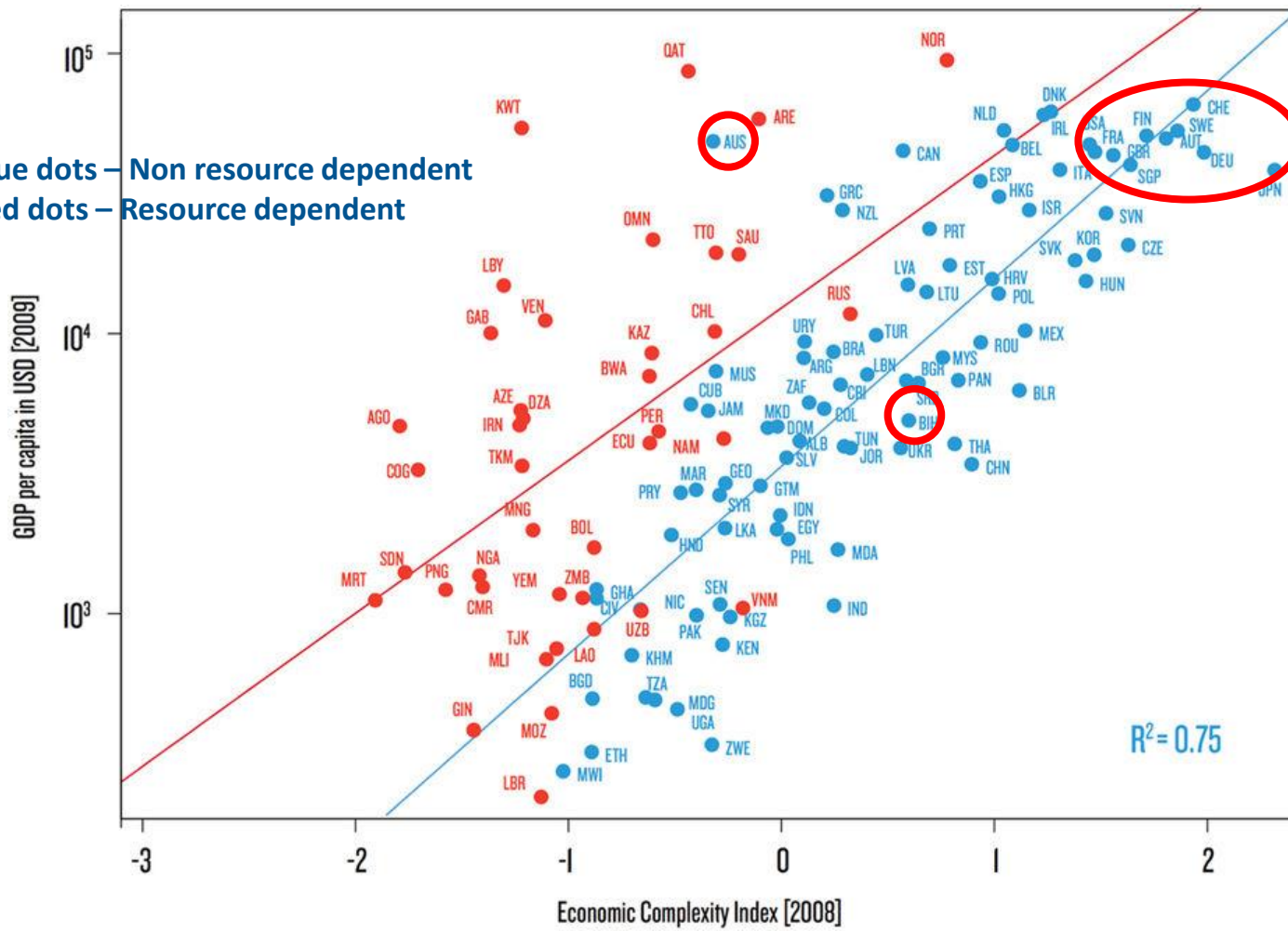
BH Futures Foundation



Empowering the youth of Bosnia and Herzegovina through education, technology and global leadership

How prosperous and complex is your economy?

Blue dots – Non resource dependent
Red dots – Resource dependent



- Complexity, Prosperity
- Complexity is a driver of prosperity
- More complex economy means that less countries can produce what you can produce
- Export data only

Source:
Hausmann R, Hidalgo CA, Bustos S,
Coscia M, Simoes A and Yildirim MA
(2014) *The Atlas of Economic
Complexity: Mapping Paths to Prosperity.*

Prosperity of a country - What is the magic formula?

What causes the large gap between rich and poor countries?

- Correlation between a nation's economic prosperity and factors such as how the country is governed, the average amount of formal education each individual receives, and the country's overall competitiveness.
- Researchers from Harvard and MIT have discovered that a new measure based on a country's collective knowledge can account for the enormous income differences between the nations of the world better than any other factor.

“A country's wealth correlates with its collective knowledge”

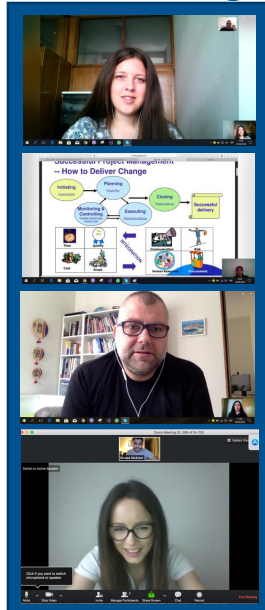
How do we develop & empower students

Professional Development (mentoring, HR counselling, workshops with industry & other partners, international & local jobs & internships, application support for PhD, masters, EU grants & other opportunities) – **Education & Leadership** (Academy, Expert Webinars, Podcasts) – **Events participation** (Mobility, events, conferences, annual congress) – **Funding** (projects, early seed for POC (startup) – **Volunteering** – Mentoring high school students, outreach etc – **Startup support**

Scholarships



Mentoring



Academy



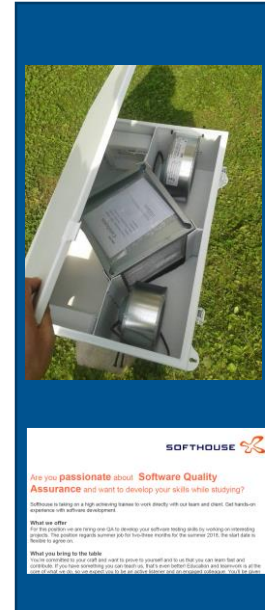
Community



Mobility



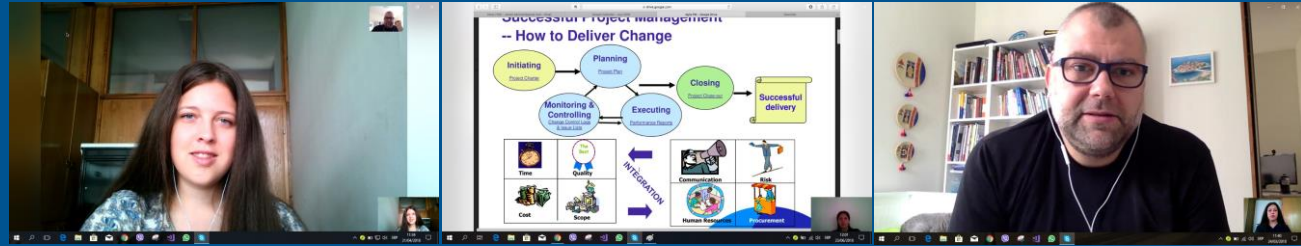
Internships & Projects



Examples of mentoring

Stojanka Danilovic
Student ETF, East Sarajevo

Adnan Behmen
Global IT Project Manager
Proctor & Gamble, Poland



Selma Alicic
Student ETF, Tuzla

Khaled Mokhtar
Emerging Technologies & Innovation
Manager at Etisalat, UAE



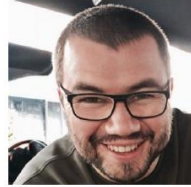
Some of our mentors



Bojan Trabonjevic
Melbourne, Australia
Chief Executive Officer
ProfiStop



Mirsad Barucic
Papendrecht, Netherlands
Business Unit Manager JVS
JVS Vibration & Noise
Engineers



Edin Golubovic
Istanbul, Turkey
Partner & Vice President of
Research & Development
Inovatink



Vedran Azman
Brisbane, Australia
Senior
Telecommunications
Engineer



Ebrahim Hassan,
Freiburg, Germany
Institute of Virology, Med.
Centre Uni of Freiburg



Jasmin Heljic
Sarajevo, BiH
Software Engineer
JP Elektroprivreda BiH d.d.
Sarajevo



Almira Agic
Brussels, Belgium
Validation Coordinator
GSK Vaccines



Ervin Sejdic
Pittsburgh, USA
Professor Biomedical Eng
University of Pittsburgh



Maher Al Osta
Sarajevo, BiH
Senior Digital Marketing
Sales Consultant



Amir Sabirovic
Deventer, Netherlands
Chief Operating Officer
TM7



Emina Cosic
London, UK
Senior Product Manager
Pearson



Adnan Behmen
Warsaw, Poland
Global IT Leader
Proctor & Gamble



Mirel Sehic
Singapore/Melbourne
Cyber Security Leader
Honeywell



Miralem Sallihovic
Cupertino, USA
Manager, Global
Operations, Apple



Mirela Halilovic
Geelong, Australia
EHS Delivery Leader, Dow



Ana-Maria Paponja
Croatia
Project Manager, Horus
Business Consulting d.o.o.



Hamdija Custovic
Charlotte, USA
BB&T, Vice President
Digital Product
Management



Mirza Kozarcanin
Melbourne, Australia
Senior Vice President
Business Development
Seeing Machines



Eddie Delic
Michigan, USA
Digital Specialist
Masco, Advanced
Technology & Integration



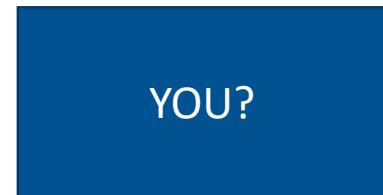
Simay Akar
Suzhou, China
Marketing Manager
Telesun Solar Technologies



Emina Pasic,
Stockholm, Sweden
Power and Energy

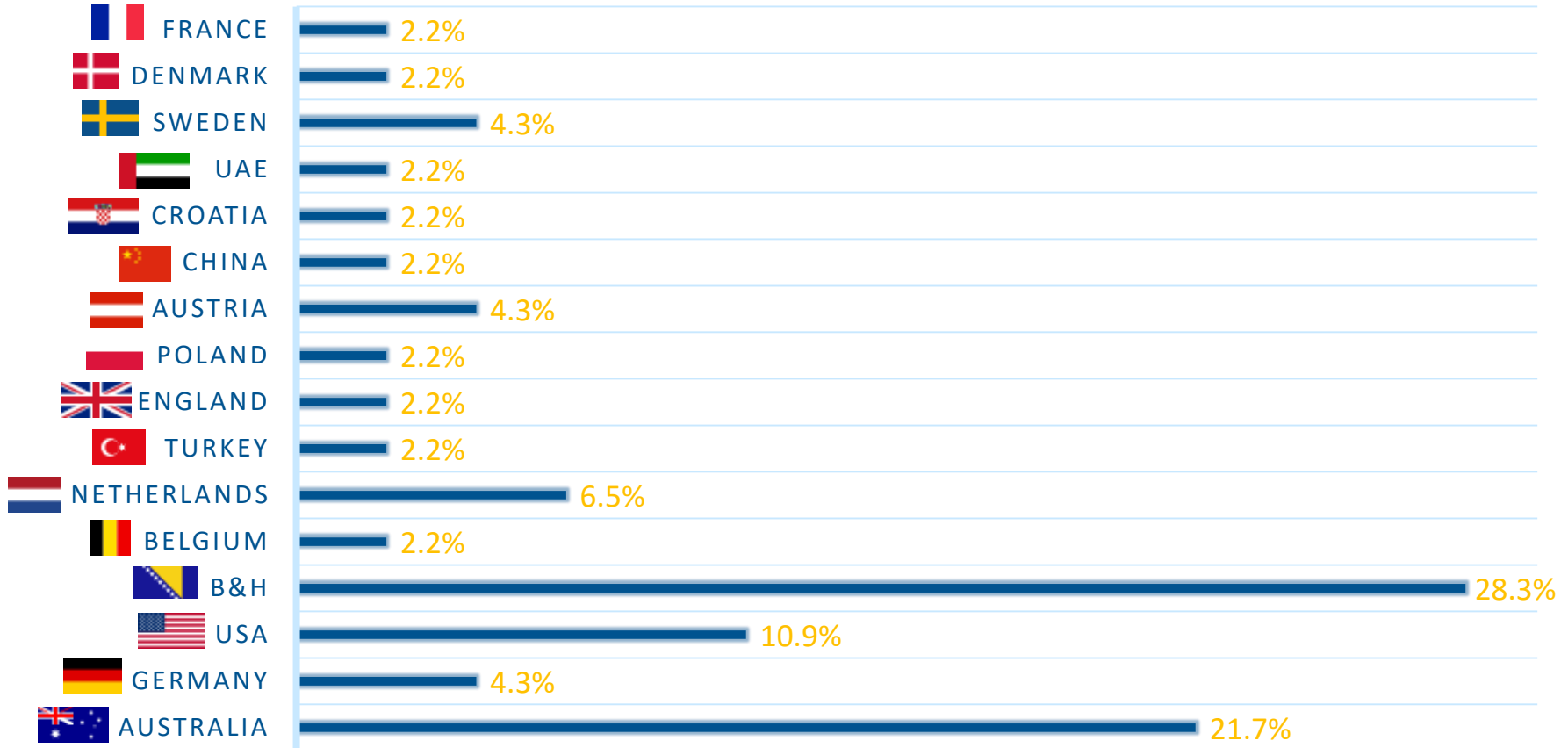


Sabina Gutlic
Linz, Austria
Process Engineer,
Primetals Technologies
(Siemens)



YOU?

MENTORS BY COUNTRY



Connecting diaspora, talent & business

Stockholm, Sweden - October



San Francisco, USA



Chicago, USA - August



Melbourne, Australia - October



We are going truly global in 2019. Want to join us?



Boston, USA - November



Atlanta, USA - June



Sydney, Australia - September



Dubai, UAE - December

Accelerated Training and Learning in Australia

- We are incubating BH students and young professionals (already working in industry)



Haris Selmanović, Tuzla

bicom
SYSTEMS



Momčilo Amović, Sokolac
(Banja Luka)

 **LANACO**
Informacione tehnologije



Ali Mokayes, Tuzla

 **freelancer**



Rijad Sarić, Sarajevo

 **PHOTON
SYSTEMS
INSTRUMENTS** |  **SCIENTIFIC
INSTRUMENTS
AUSTRALIA**

In bound Education Tourism

The first visit of Australian students in 2016



Australian students at the gala dinner in 2017



The most recent visit of Australian students in DKR Tuzla 2019



What else do we do? Srebrenica



 **Bosnia & Herzegovina Futures Foundation** is in Srebrenica
Published by Kenan Kurdić [?] · July 21 at 12:49 PM · 🌐

U slučaju da ste propustili naše uživo javljanje za Vjestnik Face T...
sinoć... 🙌

#BHFuturesFoundation



YOUTUBE.COM

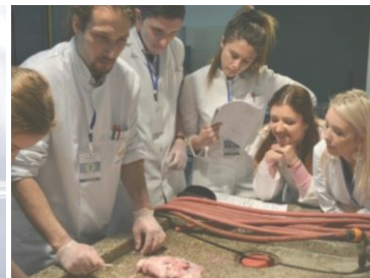
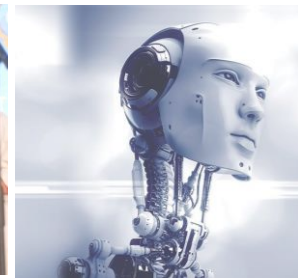
BH Futures Foundation: Futures Makerspace je mjesto kreiranja bolje budućnosti



What's NEXT?
20 Maker Spaces in BH by end of 2022

Currently planned Banja Luka, Široki Brijeg,
Donji Vakuf and Sanski Most





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Facebook

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www.bhfuturesfoundation.org



Bosnia & Herzegovina Futures Foundation



Instagram

[bhfuturesfoundation](https://www.instagram.com/bhfuturesfoundation)

Contact



AU +61 433 234 779



BA +387 65 788 313

EMAIL: info@bhfuturesfoundation.org

Human Capital in the Western Balkans:

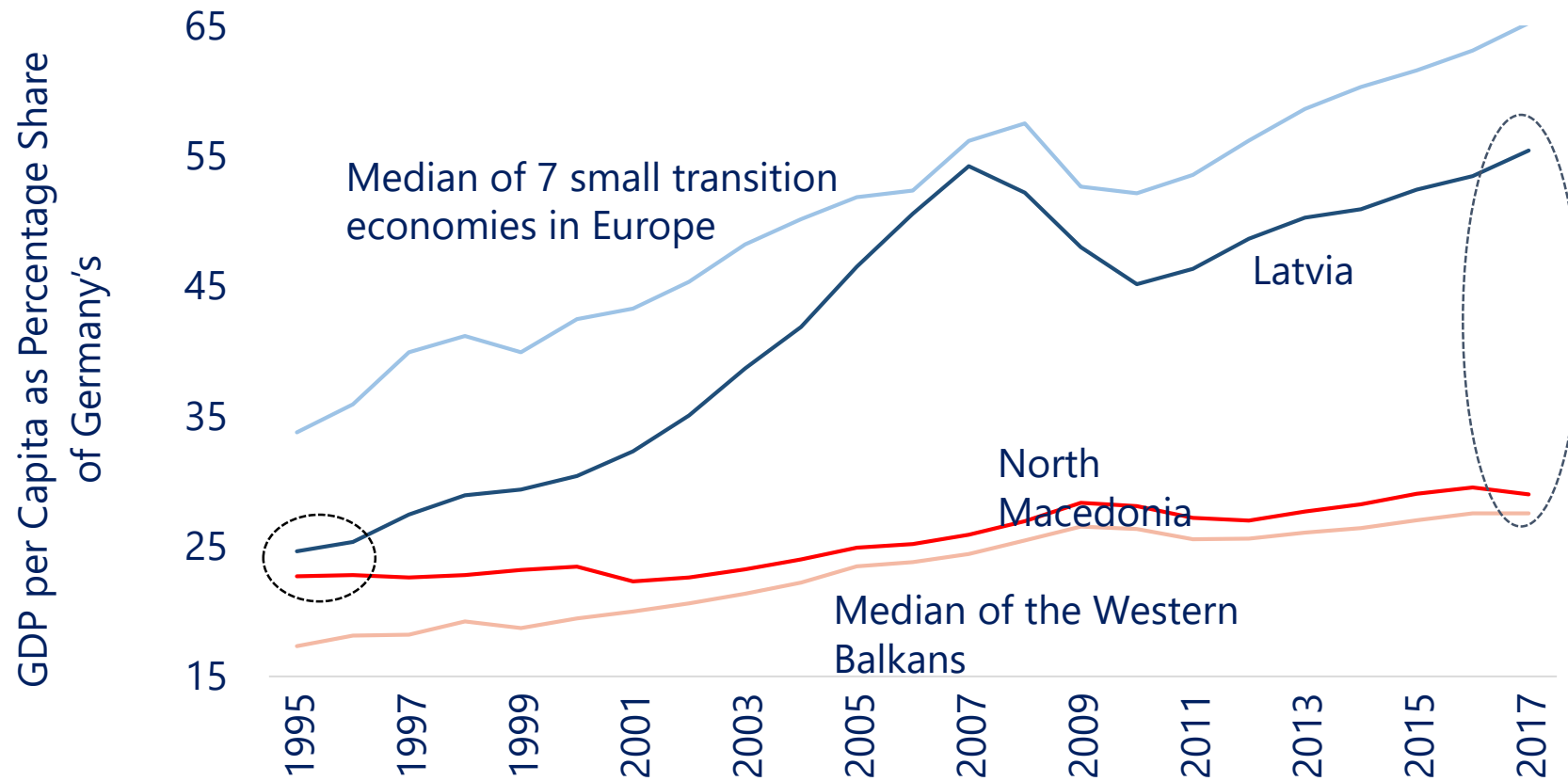
A Missing Link to Growth and Inclusion

October 22, 2019

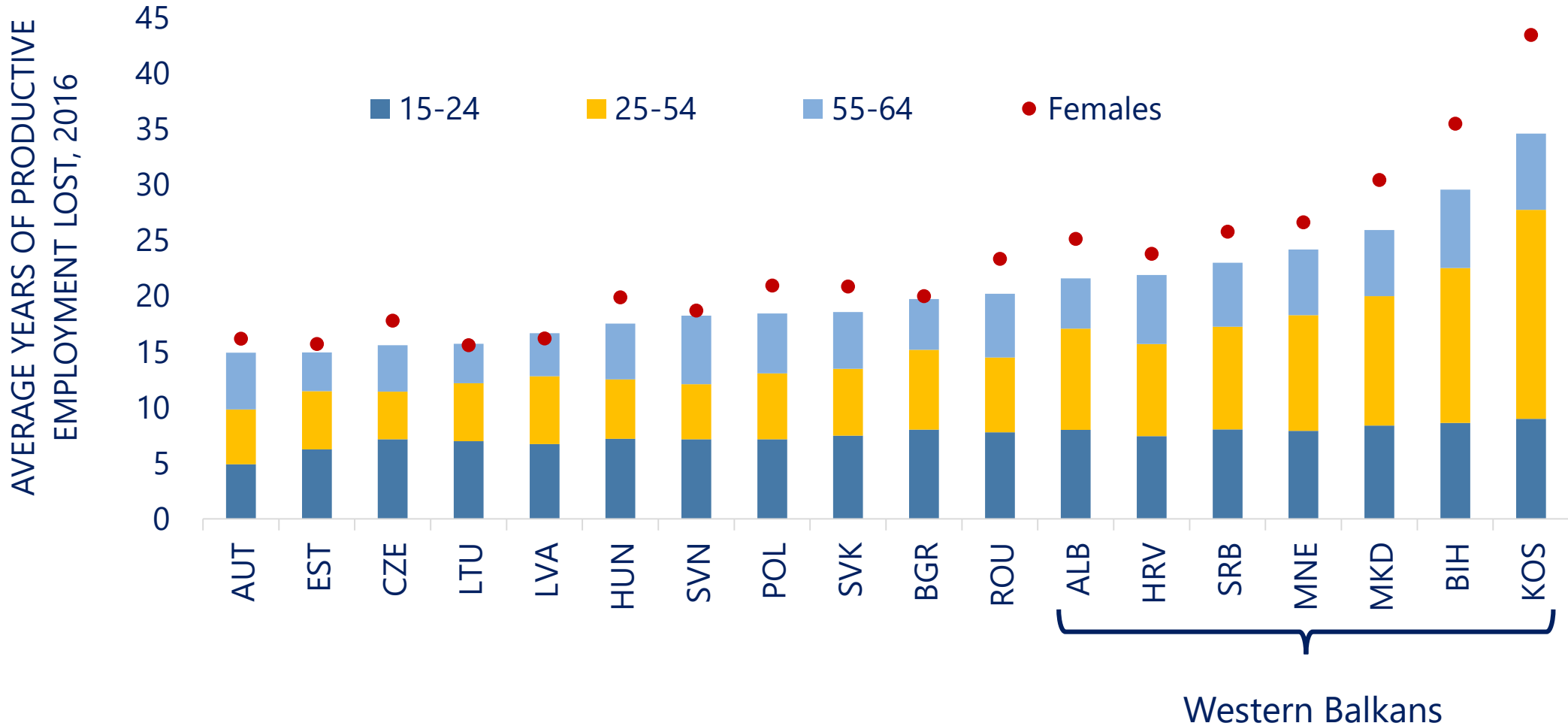
Jamele Rigolini, World Bank



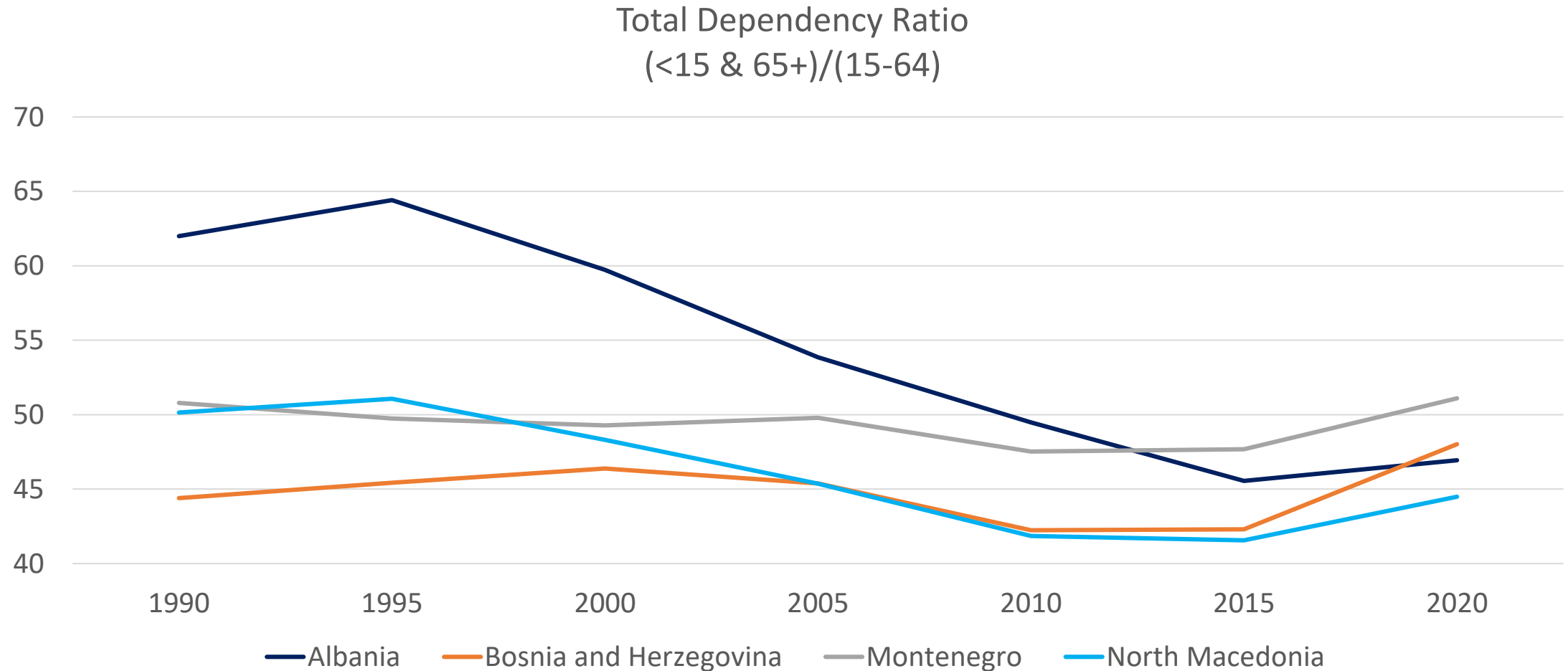
Western Balkan countries remain among the poorest in Europe



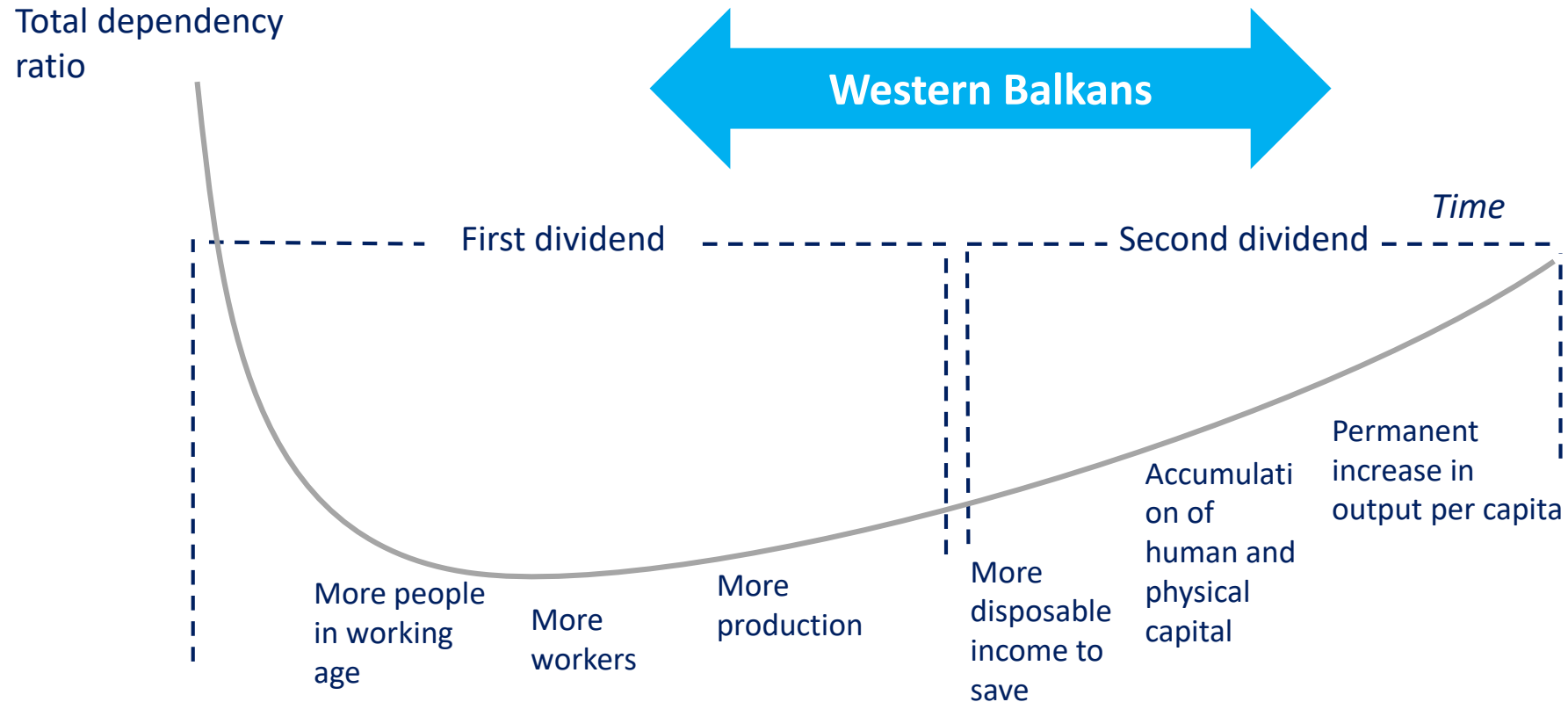
Lagging economic growth has led to a persistent jobs challenge



An aging population urgently requires boosting productivity

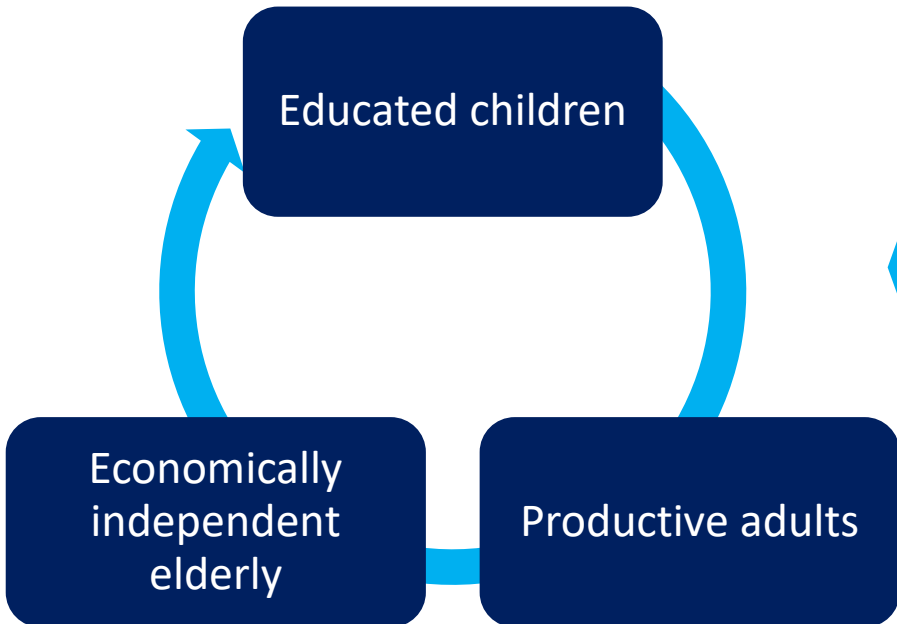


Realizing opportunities from the demographic dividends will depend on good policies



The demographic transition amplifies the impacts of good but also bad policies

Virtuous cycle



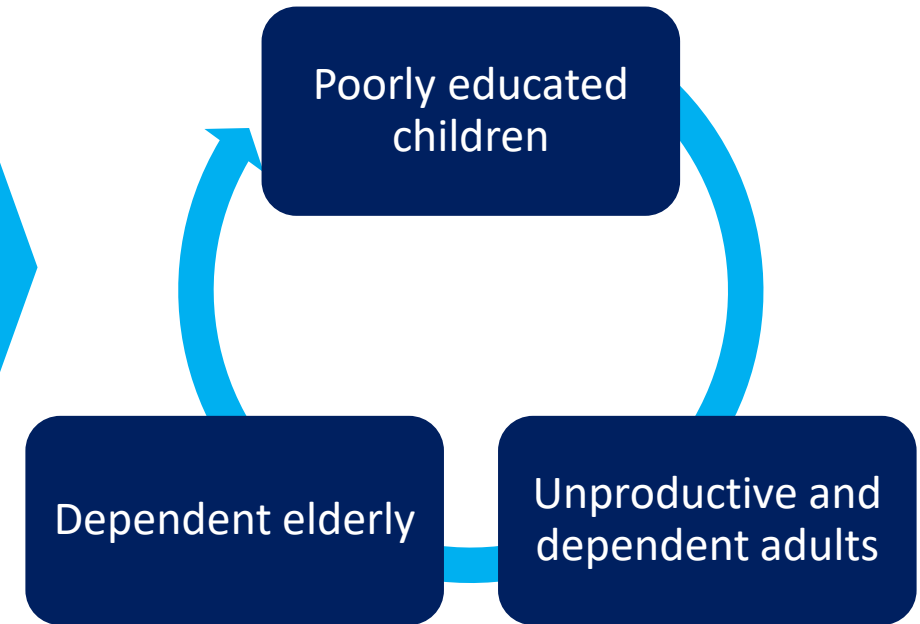
Policies



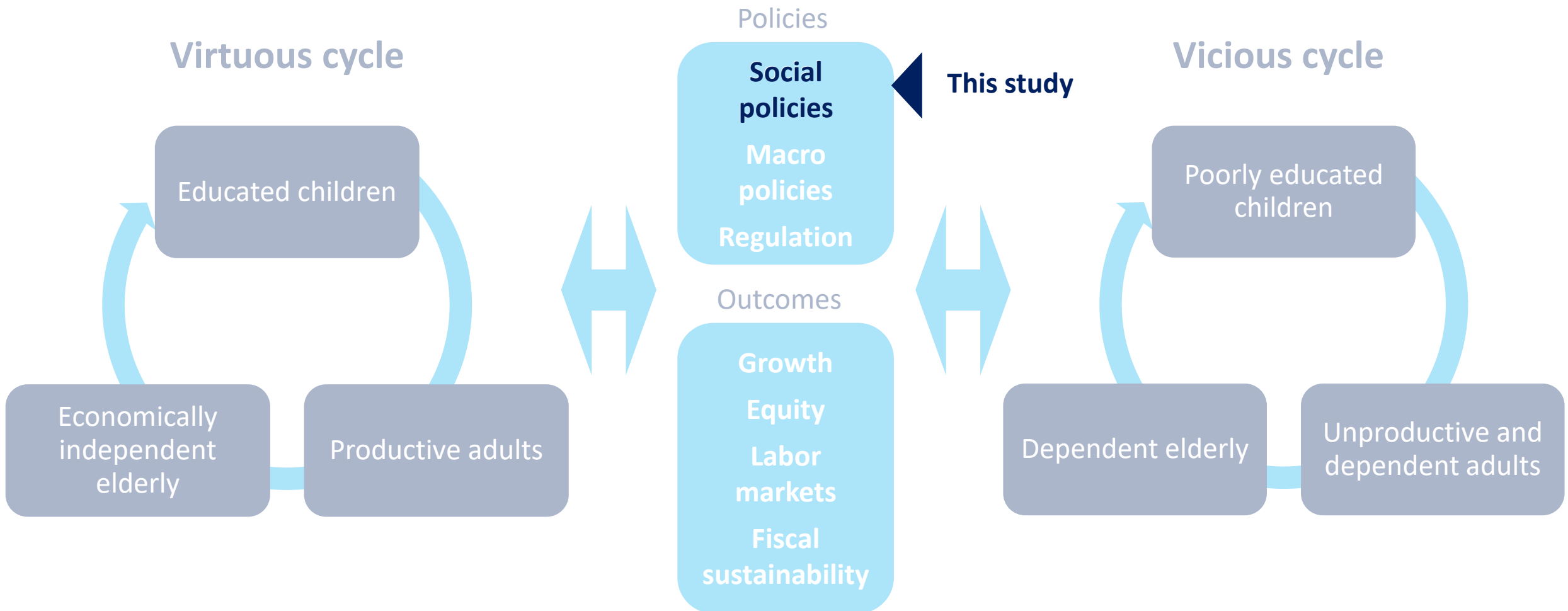
Outcomes



Vicious cycle



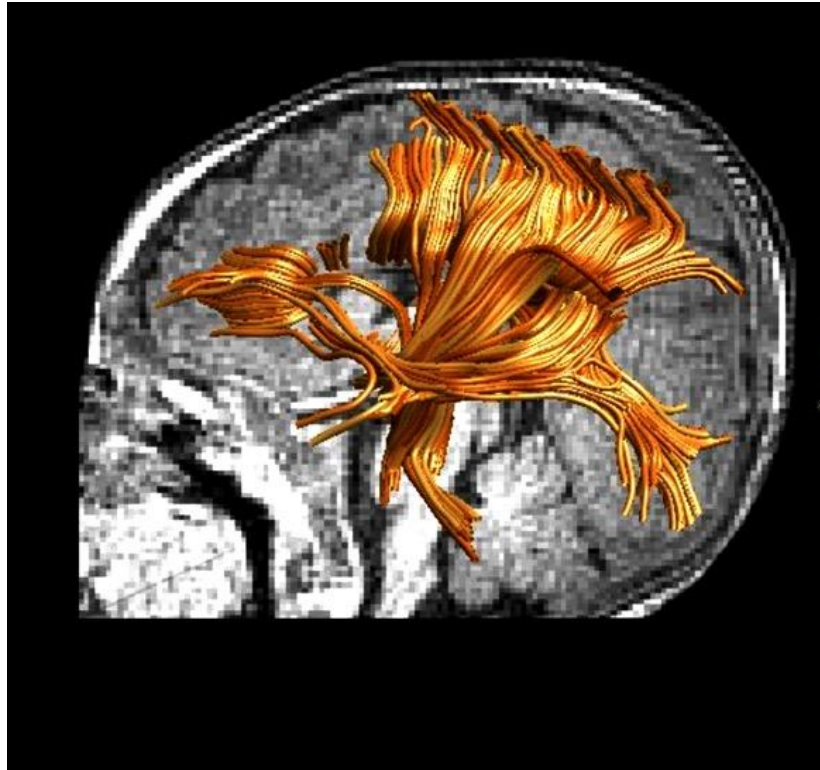
The demographic transition amplifies the impacts of good but also bad policies



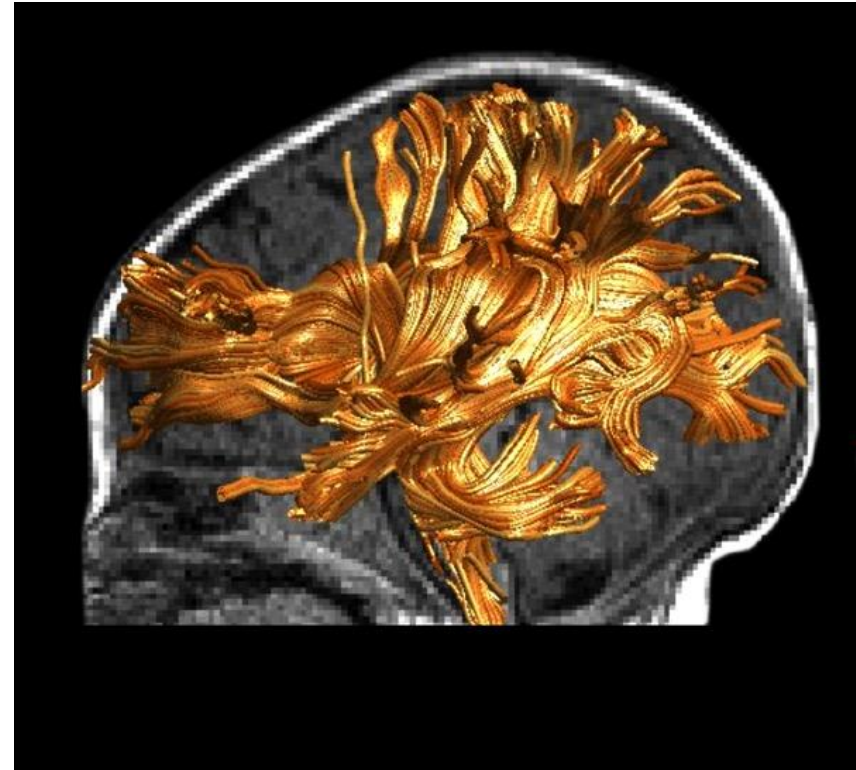
Human capital is essential for growth, good jobs and poverty reduction

- A healthy, skillful population helps handling increasingly complex and competitive production processes
- Quality human capital also helps the poor escape poverty through better jobs:
 - One additional year of schooling increases earnings by 9 percent
 - Inclusive and cost-effective health systems support productive lives and avoid impoverishment from health shocks
 - Effective social protection systems protect people and promote employment

Human Development begins in the womb: The importance of ECD



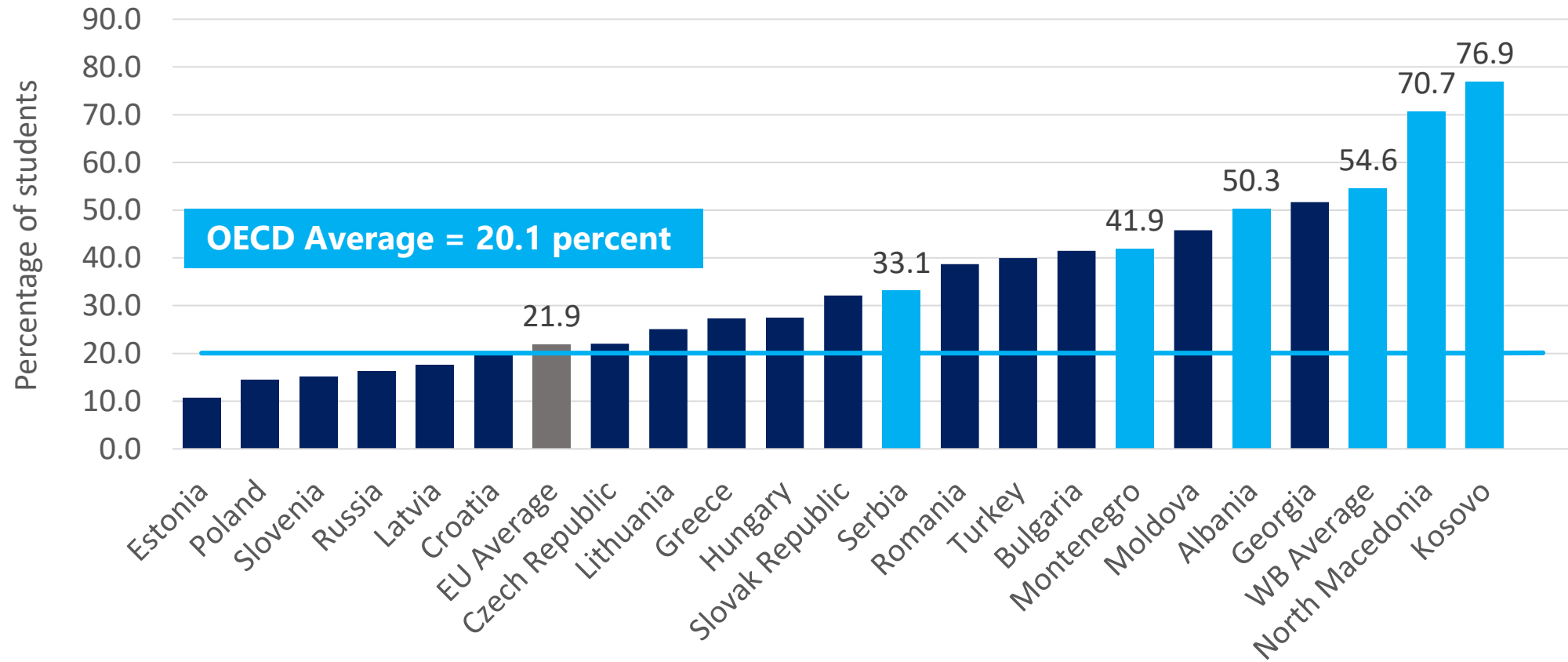
**CHILD WITH STUNTED
BRAIN DEVELOPMENT**



**HEALTHY, CARED
FOR CHILD**

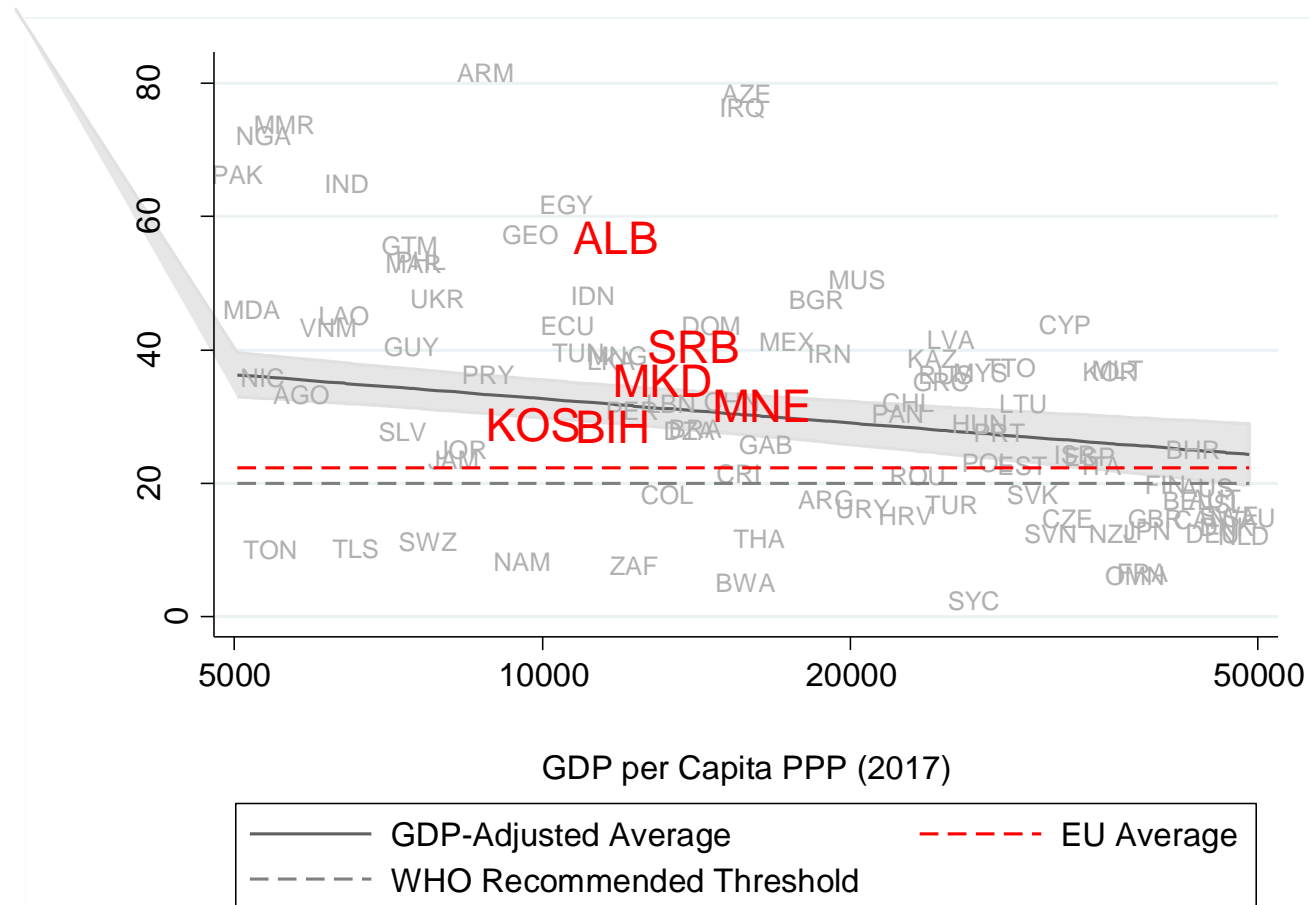
Education systems that fail students in the labor market

High functional illiteracy rates



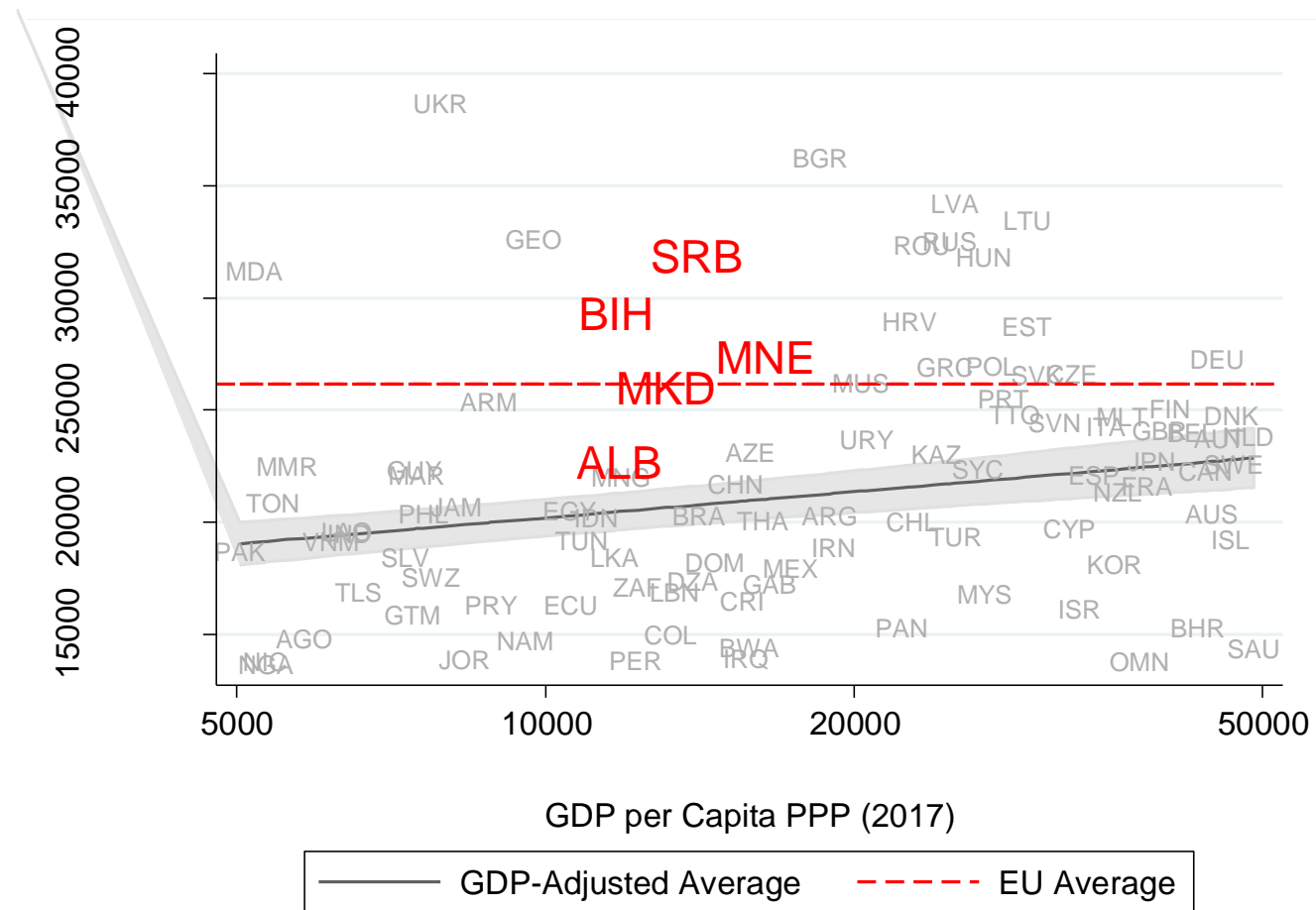
Health systems that impoverish people and fail to address new diseases

High Out-of-Pocket health expenditures



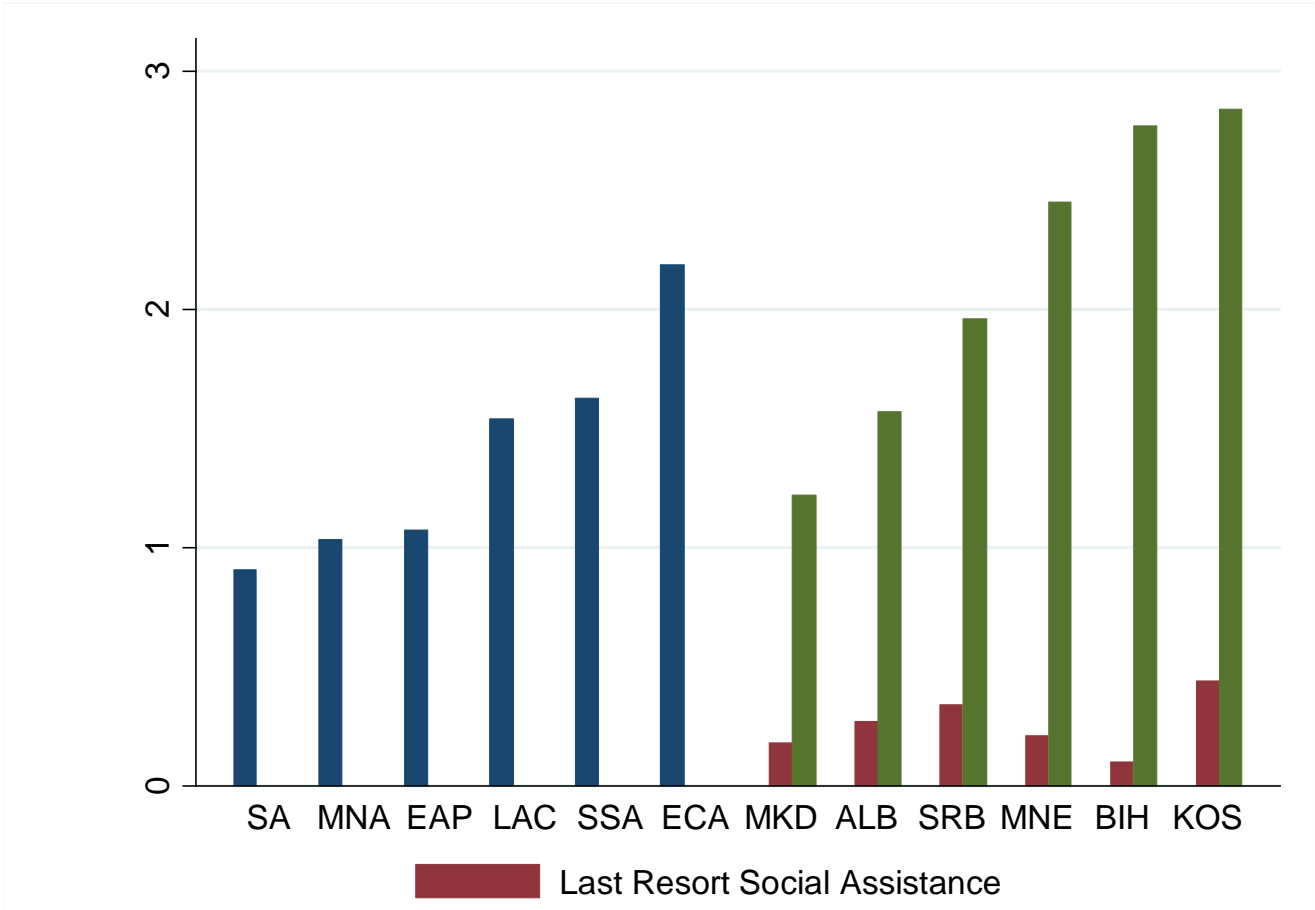
Health systems that impoverish people and fail to address new diseases

Rising prevalence of NCDs



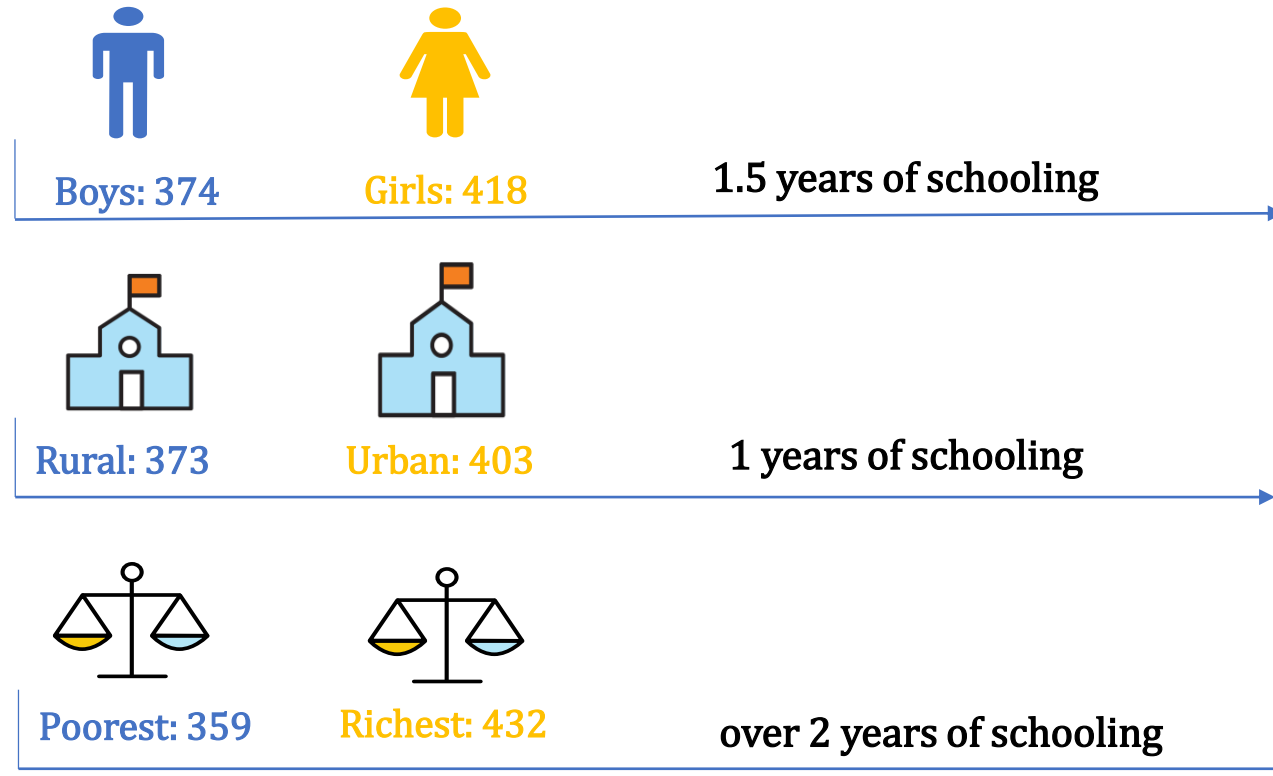
Out of focus social assistance

High social assistance spending does not necessarily reach the poor



A persistent inclusion challenge (1/2)

Disparities in learning outcomes persist along gender, location, and income groups

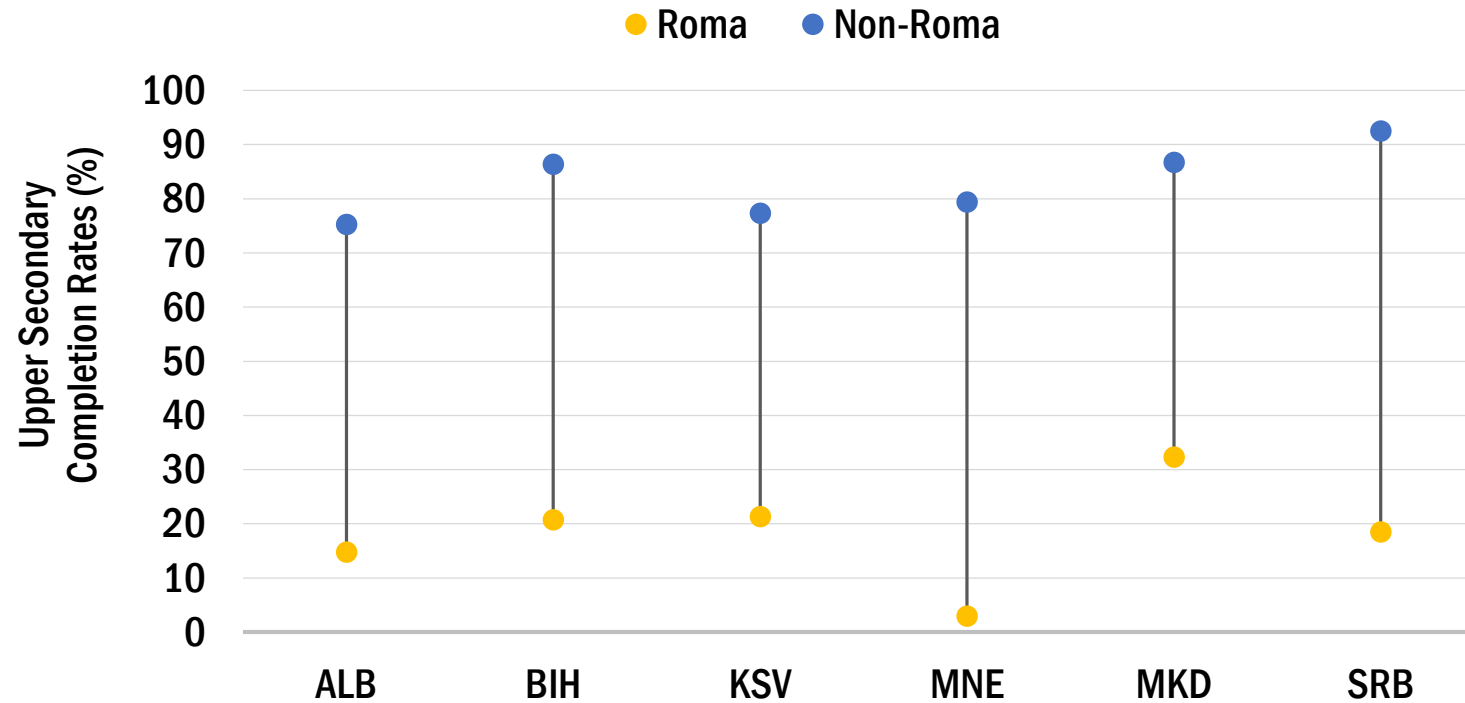


The inclusion agenda is also a growth agenda

In Serbia, by 2030 close to 30% of new workers will include individuals from vulnerable and minority backgrounds

A persistent inclusion challenge (2/2)

Education outcomes for vulnerable Roma are dismally low



An Urgent Need for More and Better Investments in Human Capital (1/3)

- In **education**, there is a need to improve quality, relevance, and inclusion:
 - In the **early ages**, access to quality childcare needs to be expanded – with priority to children from poor and vulnerable backgrounds
 - In **basic education**, teacher and curriculum reforms and better school management would help students acquire solid foundational skills
 - In **TVET and higher education**, ensuring quality certification and accreditation and closer links with the private sector could boost the labor market relevance of the training
 - There is also a need to more carefully **monitor student performance and outcomes at all levels**, and better support poor and vulnerable students

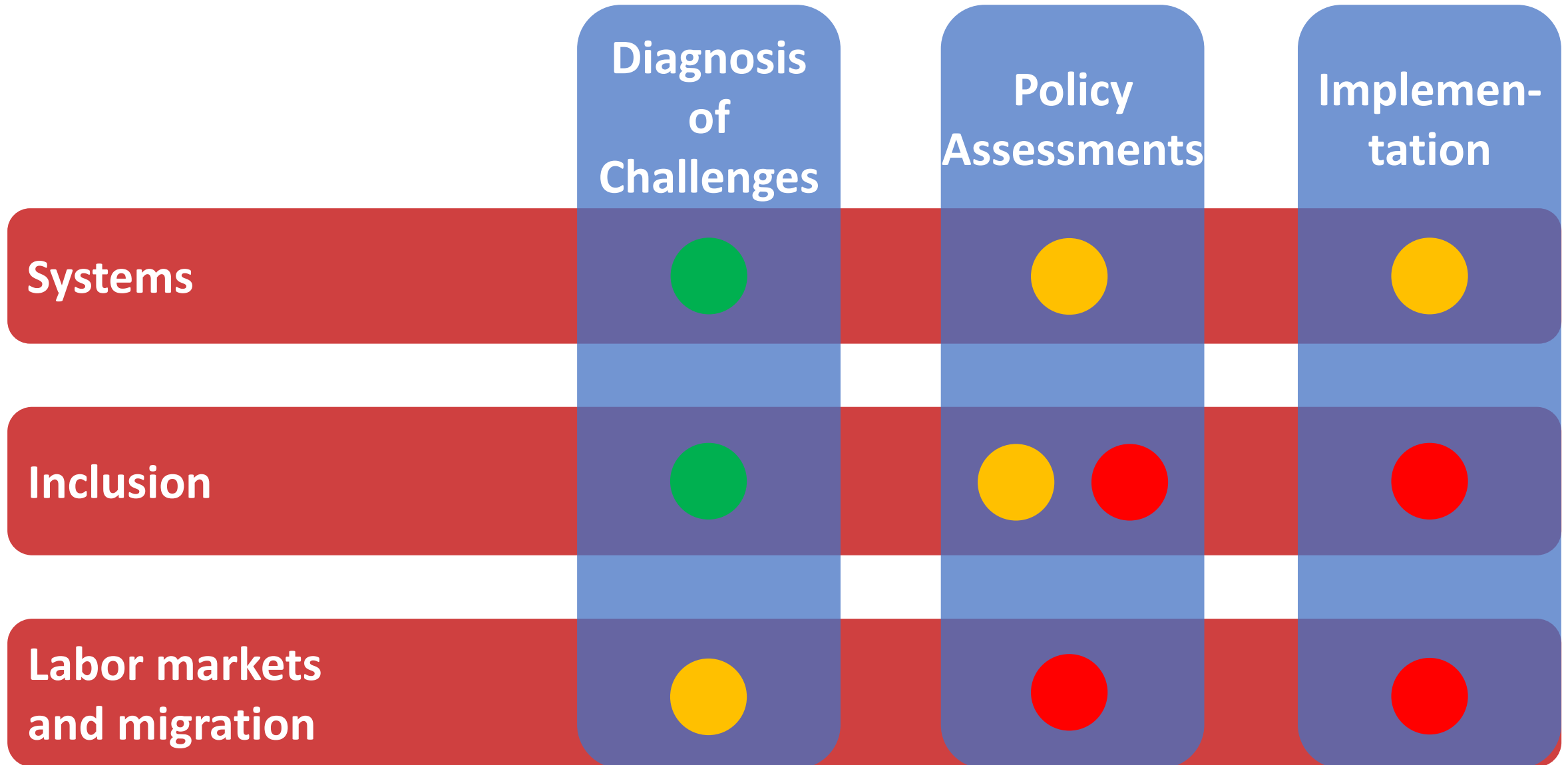
An Urgent Need for More and Better Investments in Human Capital (2/3)

- In **health**, reforms should address the lifelong consequences of poor ECD, the rise of NCDs, and excessive out-of-pocket health expenditures:
 - **Reproductive health and antenatal/children care services** are in need of a quality boost
 - Health care needs to adapt to **aging populations** and the **rise of NCDs**
 - **Primary care** should be enhanced and expanded into the places where people live and work
 - **Health insurance systems** need to be broadened and optimized to reduce out-of-pocket spending, in particular among poorer households

An Urgent Need for More and Better Investments in Human Capital (3/3)

- **Social assistance** should focus on alleviating poverty, improving the employability of the poor and provide effective support throughout the lifecycle:
 - Social assistance must be **refocused to address actual needs**, rather than covering broad categories of beneficiaries independent from needs
 - Social assistance should not only support the poor but also **promote the acquisition of human capital** and the employability of the poor
 - Programs and case management can also be **better integrated**: only two Western Balkan countries have a well-established social registry

Where do we stand?



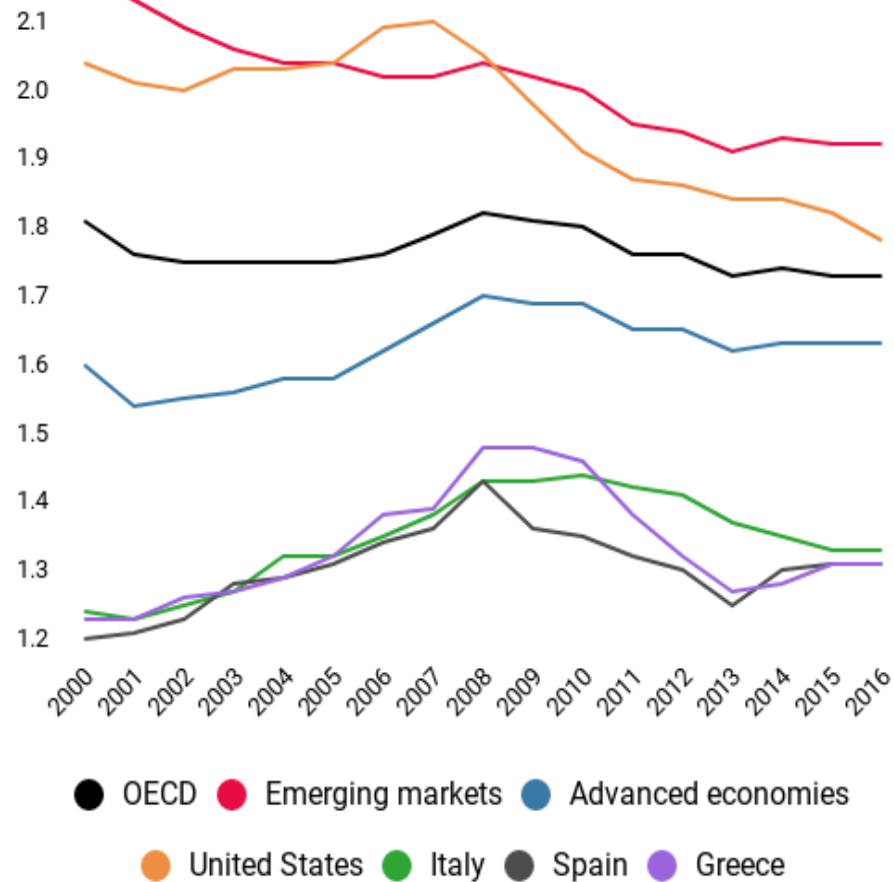
Thank you

Western Balkans
Regular Economic Report # 15

www.worldbank.org/eca/wbrer/



Financial crisis: Fewer babies... (WEO, 2018)



USA: 2.12 (2007) to 1.8 (2016).

Greece/Spain: 1.5 (2007) to 1.3 (2016)

Sources: Organization for Economic Co-operation and Development (OECD); World

What is driving this trend?

- **Employment and Income -**
- Social changes (preferred family size, higher female labor force participation) -
- Tax wedge on couples +
- Labor market conditions (family allowances, job protection during maternity) +

Job in the **FORMAL** economy

Demand side:

- Structural reforms to improve the business climate and attract FDIs and improve export competitiveness
- Labor market reforms (adequate flexible, adequate minimum wage, well-balanced parental leave policy)
- Product and service market reforms
- Financial sector reform (access to credit, sound financial intermediation)

Supply side:

- Education reforms (update curricula, focus on labor market needs, teacher evaluation, etc.)

Fiscal policy:

- Revenue side: taxation of second family income
- Expenditure side:
 - Investment in **high-quality** infrastructure, education, and healthcare
 - Affordable childcare
 - Social Safety Net

New Strategy for IMF Engagement on Social Spending (June 2019)

- Raising INEQUALITY in the aftermath of the crisis
- Not just sustainable growth, but also INCLUSIVE growth
- Intensified interest in social spending (education, health and social assistance) is a key policy lever to achieve this
- Focus is on (i) fiscally sustainable; (ii) effectiveness; (iii) efficiency

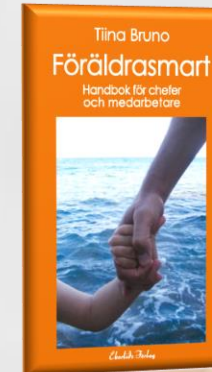
Parents smart employers

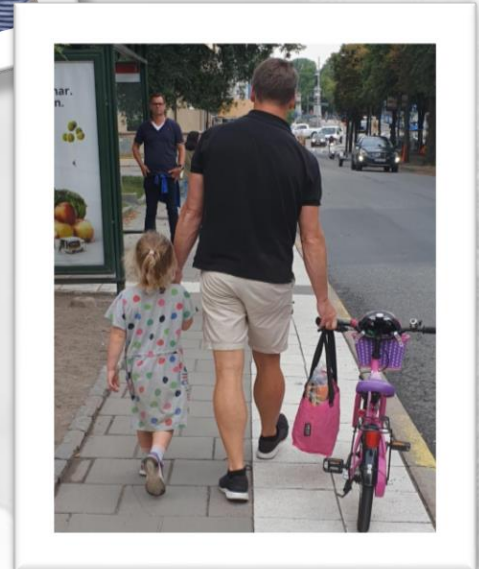
- SUSTAINABLE RETURN ON INCLUSION

Tiina Bruno, Sweden

Economist, "norm breaker", mother of 3, management consultant and international lecturer.

Founder of the Parents smart concept for employers, managers and employees, author of the book (2010) and CEO of the Föräldrasmart Co with team of experts in Sweden.





900 000

Parents taking payed parental leave days 2018 in Sweden

They were away 60 million days from work with payed leave

60 M

270 - 70

Mothers took 270 days and fathers 70 days of the total 480 payed days offered.

They were away 7 million payed days from work caring for sick children.

7 M

10%

10% of the Swedish state budget was assigned to economic support to families.

WHY support working parents?

Examples from history in Sweden

- Work shortage in the labour market after the war
- Individualization
 - One breadwinner – two breadwinners
 - Individual taxation 1971
- Gender equality debate
 - Why should women work two jobs?
- Demands for social reforms
 - Who takes care of the children when women work?
- Child care expansion – day care and economy
 - Redistribute money

NOW - family policies & legislation in Sweden

480 days

80%
of salary
(to max level)

Parental
Leave Law

For BOTH
parents
1974



Keep job
during
leave

Equality
plan
(25 pers)

Discrimination
Law

Child care

Salary
Survey

Employer
help combo
work-fam



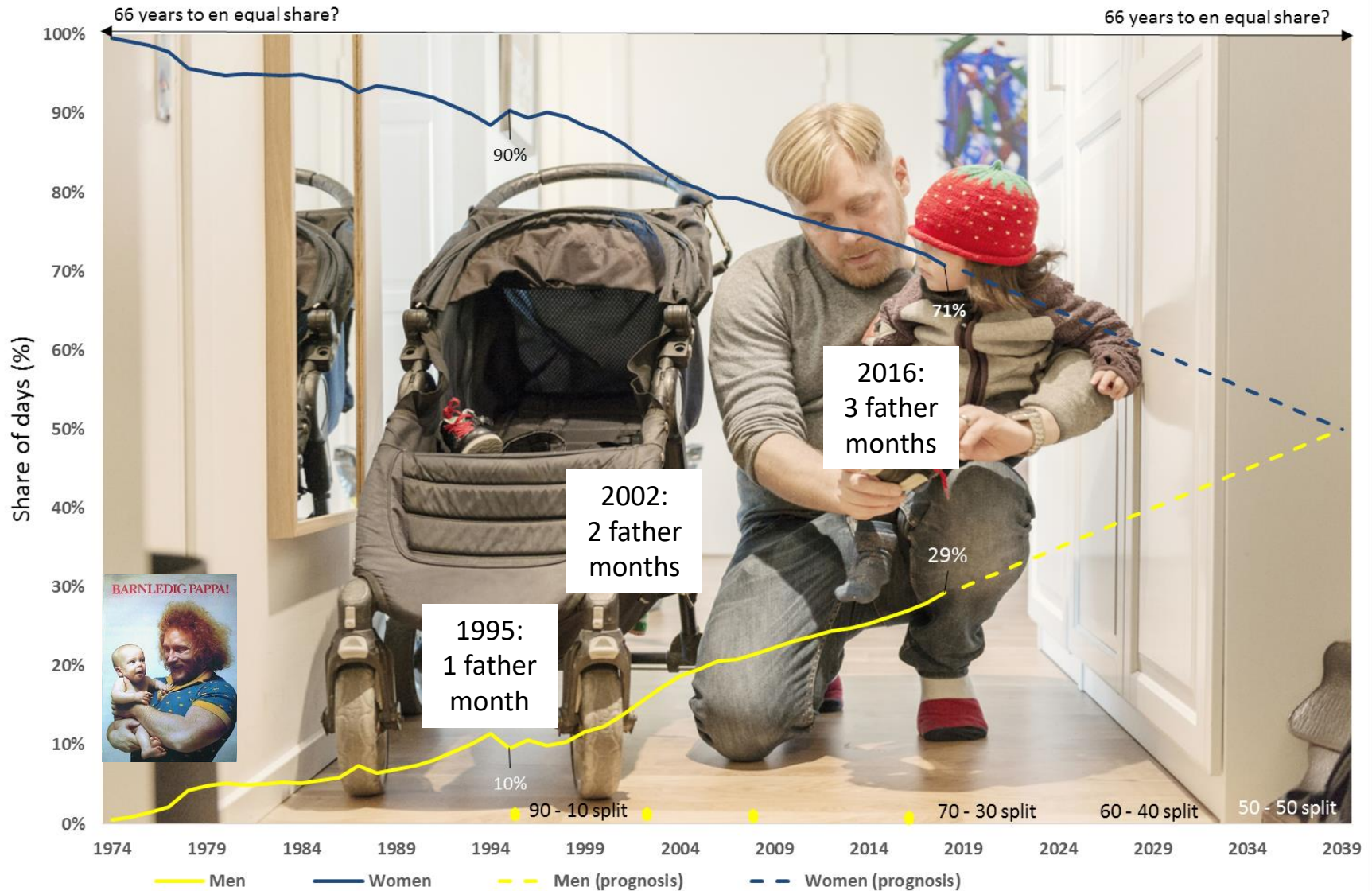
Child
allowance

* Promote involvement
of men in family life
– women to work

* Facilitate combination
work-family

* Avoid discrimination of
parents at work

Parental leave in Sweden - towards equal share



WHY

Social Impact

Companies → Society

Company:
Culture
Routines
Values/Norms

Sustainable
& gender
equal families

Civil Society
(families, individuals):
Culture
Tradition
Values/Norms

The human right
to live
"a whole life"
(both family & a job,
without having to
choose)

Sustainable
& gender
equal
companies

Sustainable
& gender
equal societies

Use ALL competence
in the society,
increase birth rates etc..

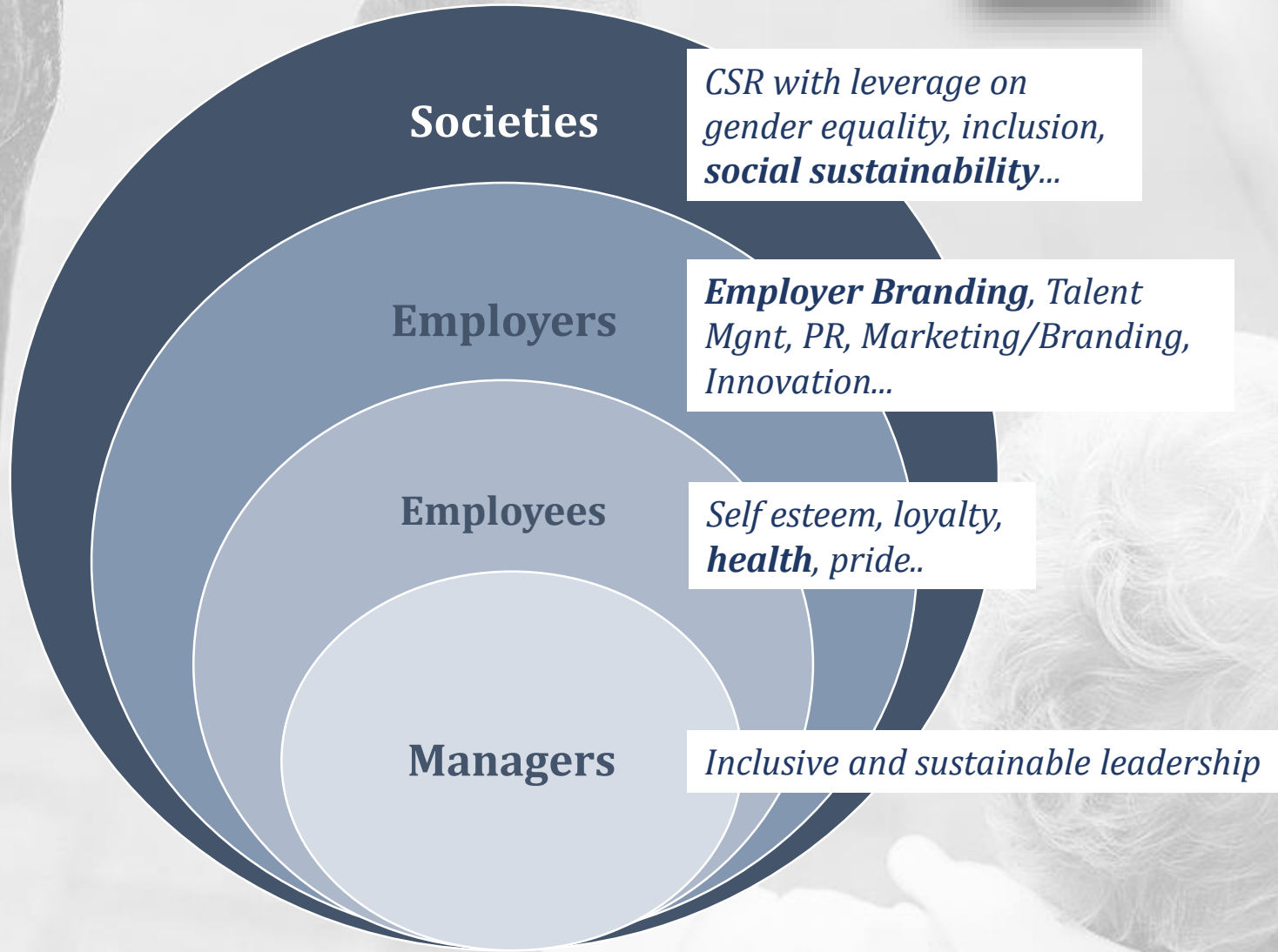
Society:
History
Politics
Legislation

What's in it for us?

WHY - what's in it for a Company?



ROI
Return On
Investment
&
Return On
Inclusion



HOW - 2 areas of employer initiatives

FORMAL SUPPORT

TIME

MONEY

ROUTINES

IT



INFORMAL SUPPORT

ATTITUDES

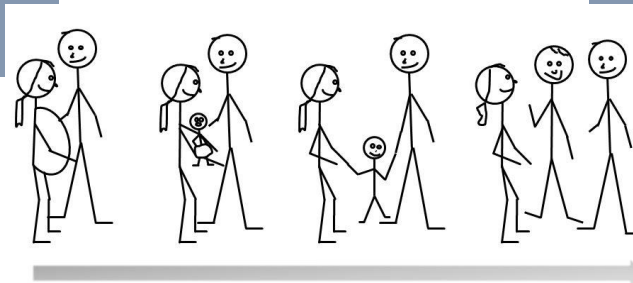
BEHAVIORS

LEADERSHIP

ROLE MODELS



Involve all managers early and promote ambassadors



Communication

Creativity

Prioritization

ative
g"

Delegation

Humility

Team
building

Organiza

PARENTHOOD
One of the best
Management courses
you can get!

Empathy

MODERN LEADERSHIP

PARENTAL SKILLS

Management
by objectives

Motivation
techniques

ROI

Employed
Parents

Curiosity

Problem
Solving

Efficiency

Company
Vision

Profitability

Business
Goals

Consequence
& Fairness

et
borders
/limits

Planning

Handling
stress &
chaos

Continuity

"Presence"

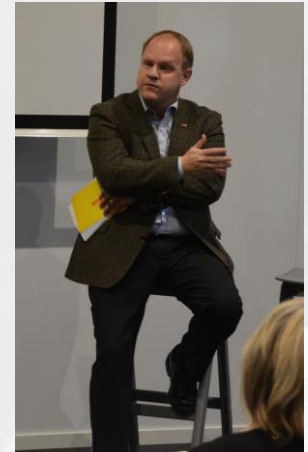
Courage!

Awareness of what parents give back to the Co

Why is it important – even though you can't yet measure/prove the economic effects?



/Klas Forsström, CEO at Munters AB



We want to be an innovative company, and know that diversity and a broad view on competence stimulates innovation.

It is important for us to attract future talent and develop and keep the employees we have.

From a profitability perspective parents develop lots of skills “free of charge” for the company. To be a Parentsmart company makes employees develop and grow. When we help them combine work with family and see parenthood as an asset their performance increases, we get lower employee turnover and positive effects on our profitability.

To be a Parentsmart Company is to BE the future, encouraging time and close dialogue with children - our future customers and employees.

Adapt to local circumstances, norms, culture, possibilities.. The power of local role models.

Stefan Hollmark, Father of 3, CEO Telge AB
Södertälje Sweden

"Becoming a parent is a natural part of life, as is being on parental leave. We have hired pregnant women on several occasions. When we recruit someone our main goal is to hire the one that will perform the most in the long run. Viewing children and pregnancies as something negative feels strange. Being a parent is positive and brings about personal growth. As a parent one develops several different skills that if used in the right way can improve the company's results and goal achievements."

"Swedish examples can inspire..."

What is possible to initiate and implement only locally in a number of countries?
What is possible everywhere?

| | INFORMAL SUPPORT | FORMAL SUPPORT |
|--------|------------------|----------------|
| LOCAL | | |
| GLOBAL | | |

Yoshihisa Aono, Father of 3, CEO at Cybozu
Tokyo, Japan

"I have very positive experiences from my three paternity leaves. Since I started taking a lot more time for my family I have changed my views. Now I have large social networks, in corporate culture and education, and I think about things I have never thought of before, as medical systems and politics for example. It has definitely a positive effect on my career and my company. The company goal now is to solve social problems."

– but only local cases can affect local attitudes."

- 1: Help local companies find their own most interesting WHY.
- 2: Identify *one* Co with *one* example of support to working parents.
- 2: Identify a strong internal manager role model in that Co.
- 3: Spread the role model (manager & Co) story about WHY and HOW.

PROJECT START NOV 2019:
New standard (with ISO potential)
about employer support to working parents
- gather and share best practise for all to develop faster

| | INFORMAL SUPPORT | FORMAL SUPPORT |
|--------|------------------|----------------|
| LOCAL | | |
| GLOBAL | | |

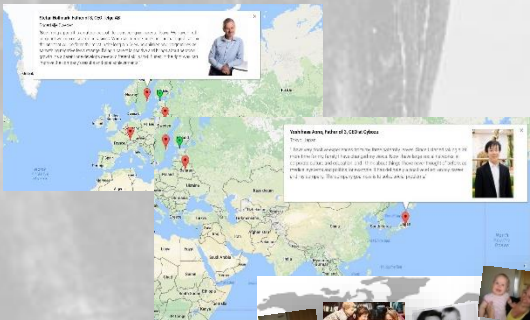
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 **Föräldrasmart**
- på jobbet

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VINNOVA

More info: tiina.bruno@parentsmartemployers.com



A growing concept

Digital IRL

Community for best practise

Parentsmart@work

Parentsmart Employers

Parentsmart Managers

Parentsmart Employees

Audit Strategy Implementation Integration Communication

Dialogue ws/sem Train-the-trainer Coaching

Parental Leave Program Dialogue ws/sem Coaching

