



Increased investment for children needed today to ensure that Nepal reaps its demographic dividends

KATHMANDU, 17 March 2017 – The National Planning Commission and UNICEF called for greater investment for children in Nepal today to capitalize on the country's rapid and unique demographic transition and reap the maximum benefits for the future. The joint call was made during the launch of a new report titled '*Study on Demographic Changes in Nepal: Trends and Policy Implications*'.

According to this study conducted by Population Council in New York, Nepal has been experiencing very rapid demographic changes over the last few decades as a result of declining birth and death rates as well as an improvement in life expectancy within a relatively short span of time.

"These are extremely positive results of Nepal's development and people's quality of life compared to the alternate scenario of the uncontrolled population increase with persistently widespread poverty and under-development. At the same time, Nepal now needs to prepare itself quickly for very demographic changes," said Dr Min Bahadur Shrestha, Honourable Vice Chair, National Planning Commission. "We should make prioritized investment in today's children and generations to come in a time-bound manner so that they become much more productive than today's adults by the time they grow into adults themselves. Only then can they adequately support the growing number of old-age people of the country – that is, today's adult population, and continue to take the society forward on the path of socio-economic development."

Like other countries, Nepal has a finite "demographic window of opportunity" period -- the number of years between the time when the percentage of working-age population (15 to 64 years of age) vis-a-vis the total population starts to increase and the time when the same percentage starts to decrease. During the demographic window of opportunity, the number and proportion of working-age population is particularly high compared with dependent-age population, which provides very favorable conditions for a country's socio-economic development.

"The analysis in the Report provides very robust evidence and convincing case for the urgency of investing in children now to ensure that the children of today as well as future generations are far more productive when they enter the workforce," said Prof. Dr. Geeta Bhakta Joshi, Honourable Member of the National Planning Commission. "That is what today's industrialized countries and 'Asian Tiger' economies did in a timely manner. The Government of Nepal is committed to making these investments for children in such areas like Early Childhood Development, Health, Nutrition, Education, Water, Sanitation and Hygiene, Child Protection, adolescents' development and Social Protection."

Stressing the need to take the full advantage of the remaining period of its demographic window of opportunity when the country's overall demographic composition is still 'young,' Mr. Tomoo Hozumi, UNICEF Representative to Nepal said that Nepal can cope effectively with this situation only if today's children and the generations to come become far more productive by the time they become adults themselves and need to support the elderly people of the society while continuously developing the society.

"To be sure, what Nepal requires in this context is NOT mere 'children in number' based on simple pronatalistic policies but children who are raised to their fullest potential to be able to move the society forward. The very fact that the number of children born has started to decrease also provides a great opportunity for the country to

increase the amount of investment per child within a given fiscal space. This in turn will lead to essential social services of better quality for children and their enhanced development,” said Mr. Hozumi.

"It is right, justifiable and necessary to consider the investment in children in Nepal today as an act of 'paying forward' to the generations who will support us in our old age and move the economy and society further forward – just like the concept and practice of old-age benefit has been well accepted by now as a legitimate act of 'paying afterward' to those people who have worked hard and supported us in our young age."

The findings of the Report show that:

- The demographic window of opportunity for Nepal began around 1992 and will start to close in another 30 years around 2047.
- The total duration of Nepal's demographic window of opportunity is altogether 55 years, and the country so far passed close to half (45 per cent) of it. Nepal's demographic window of opportunity is not particularly long compared with those of more advanced economies such as 55 years for Malaysia; 50 years for Hong Kong; 51 years for Taiwan; 50 years for South Korea; and 60.5 years for Japan.
- In 1980, Nepal had a large proportion of young age and a smaller proportion of the elderly. By 2015, while the majority of the population was still young, the country had already started to experience a decline in the population of children under the age of 10 years.
- As of 2015, 11.1 working-age persons (15-64 years) are supporting one old-age dependent person in Nepal. With fewer children being born and people living longer, by 2050 that number will be halved to 5.6 working-age persons per old-age dependent person. By 2060 there will only be 3.8 working-age persons per old-age dependent person, which is one-third of today's ratio.
- Nepal is projected to transition into an 'aging society' by 2028 and an 'aged society' by 2054 – another 11 years and 37 years, respectively.
- The number of years Nepal would take to transit from aging society to aged society is 26 years. This speed of aging is more or less same as that of Japan, which went through the same transition process in 25 years between 1970 and 1995 but at much more advanced stage of economic development. This speed is also much faster than what today's industrialized countries had historically experienced, such as 115 years for France, 85 years for Sweden, 47 years for the UK, and 40 years for Germany.

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