

DEMOGRAPHIC CHANGE AND DEVELOPMENT

UNITED NATIONS EXPERT GROUP MEETING ON
POLICY RESPONSES TO LOW FERTILITY
NOVEMBER 2, 2015



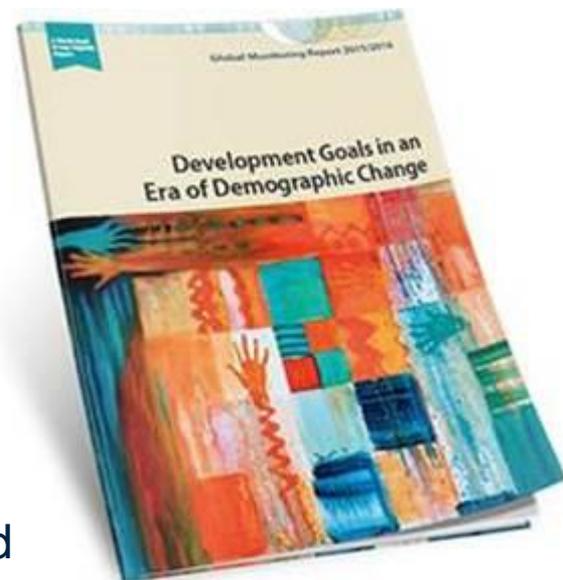
WORLD BANK GROUP

S. AMER AHMED

DEVELOPMENT PROSPECTS GROUP

Key messages

- Drawn from Global Monitoring Report 2015/2016
- Demography can identify potential economic opportunities (and risks)
- These potential economic opportunities divide the world into centers of global poverty and engines of global growth
- Policy implications for the low fertility countries:
 - Sustaining productivity and adapting to aging (at the country level)
 - Leveraging greater globalization (across countries)



Using demography to identify economic and development potential

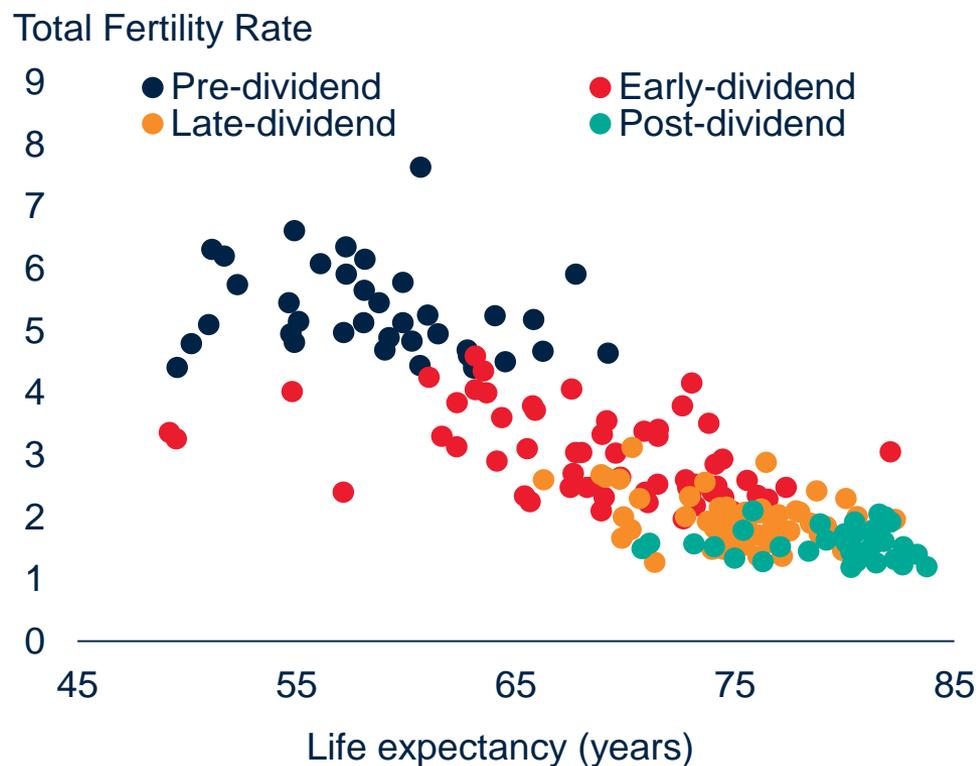
- Demographic dividend
- Age structure changes vary across countries

Growth of Working-age Population Share, 2015-30	Total Fertility Rate, 1985		Total Fertility Rate, 2015	
		<2.1	>=2.1	<4
<= 0	Post-dividend	Late-dividend		
>0			Early-dividend	Pre-dividend

Note: The working-age population is defined as the share of the population aged between 15 and 64 years. Total fertility rate is the average number of births per woman in her lifetime.

Potential for demographic dividend parallels demographic transition

Four groups of countries can be identified based on the opportunities for growth and development that demographic change presents

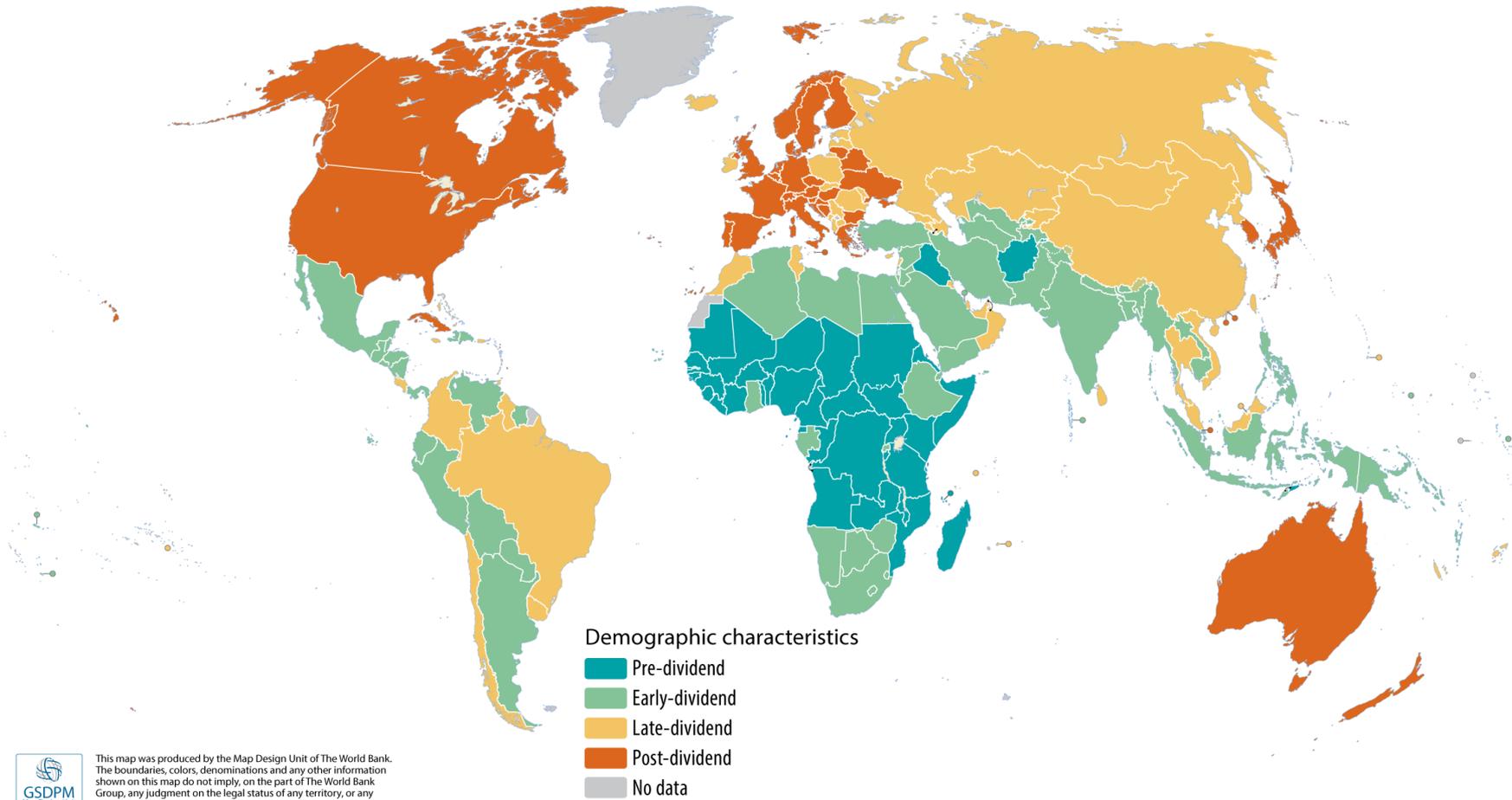


Note: Based on data for 2015 from population data from UN WPP 2015

Most low-income countries are pre-dividend while most high-income countries are post-dividend

The world through the lens of the demographic typology

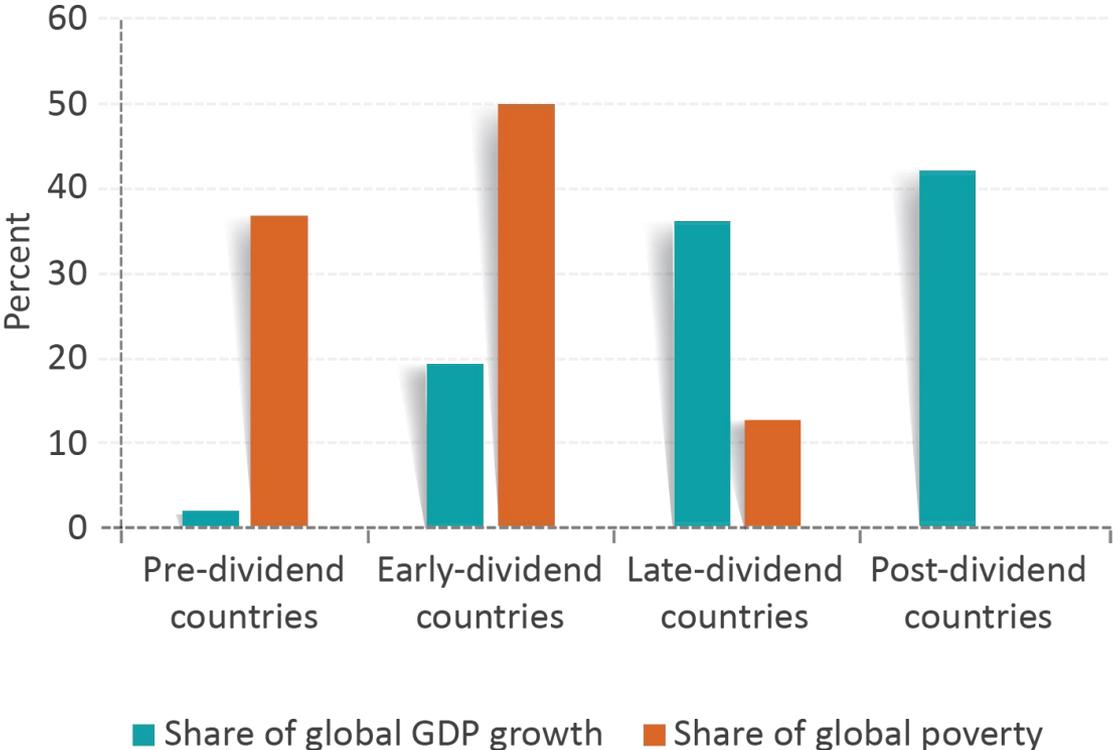
IBRD 41666



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

Centers of global poverty and engines of global growth

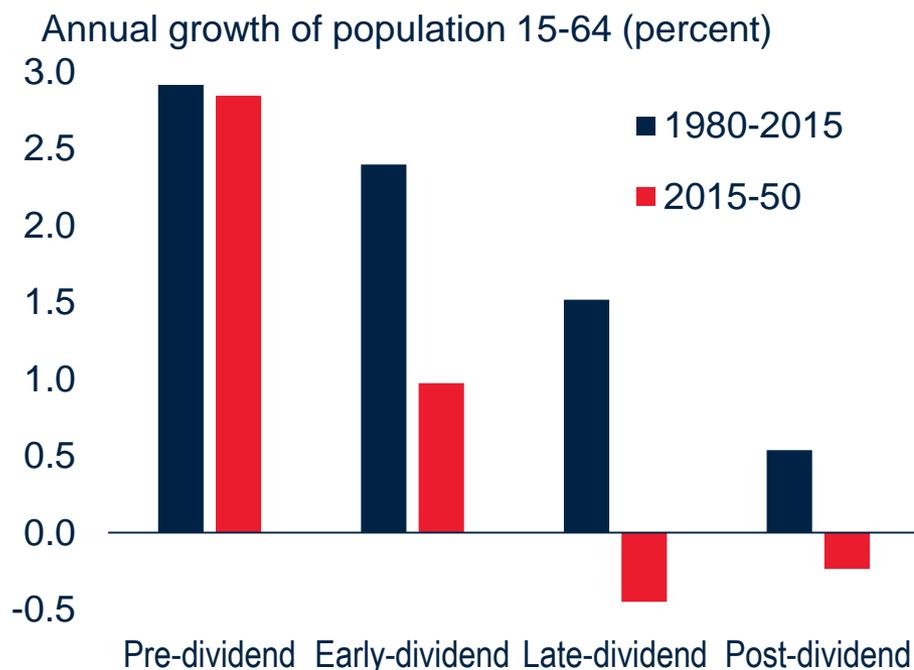
87 percent of the world's poor lived in **centers of global poverty** in 2015 while the **engines of global growth** accounted for 78 percent of global economic growth since 2000



Note: Based on data from Povcalnet and World Development Indicators

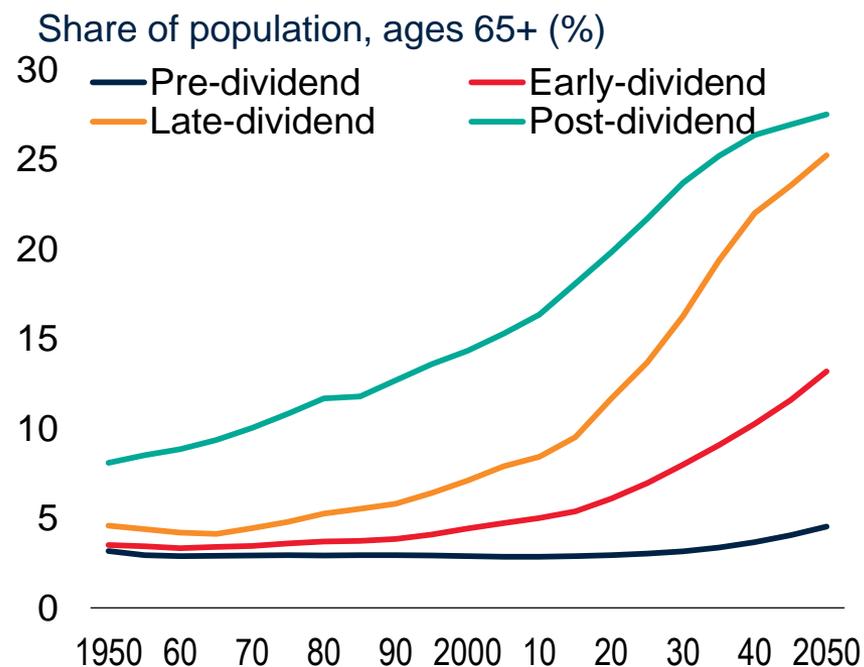
Prospects of development and demographic disparities

Global working-age population growth will be dominated by the centers of global poverty



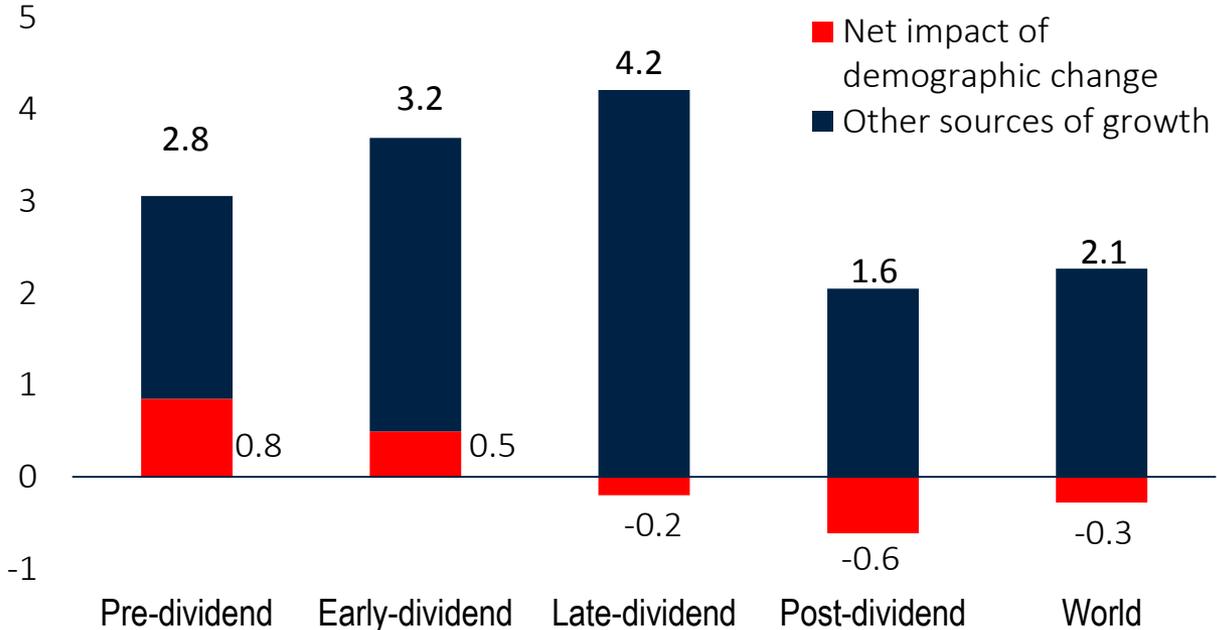
Note: Based on population data from UN WPP 2015, medium variant scenario

Aging already advanced or accelerated in the engines of global growth



Demographic change could be drag on growth in low-fertility countries and subsequently on the world as a whole

Average GDP per capita (annualized) growth over 2015-2030, percentage points



Note: LINKAGE simulation results

Priorities for the engines of global growth

Late-dividend countries with shrinking proportions of 15-64 population & aging accelerating

Sustaining productivity growth

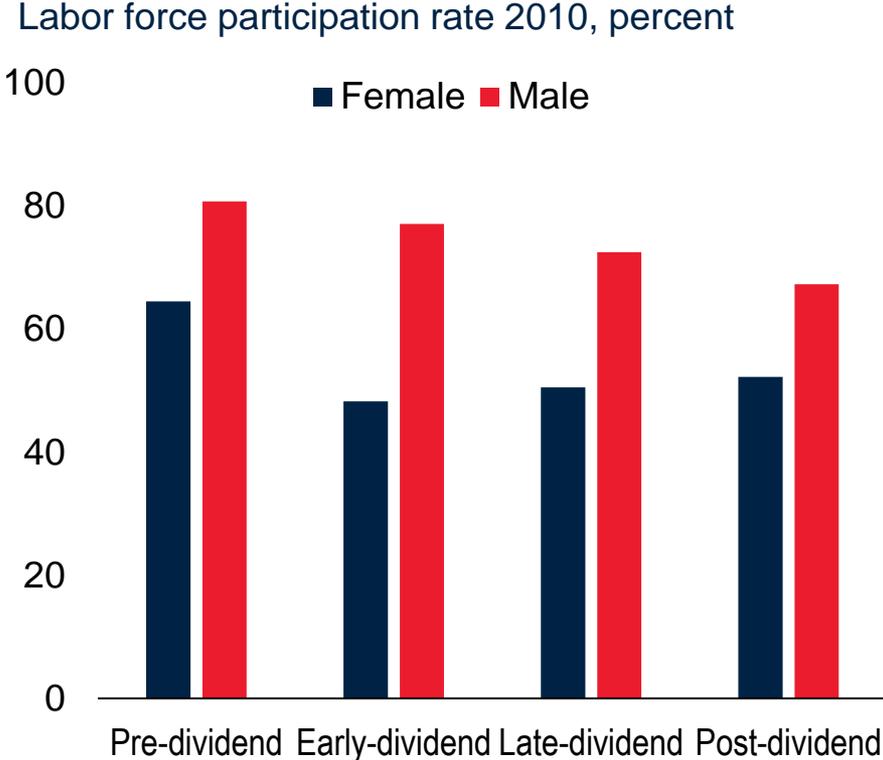
- Continued mobilization of savings for productive investment
- Ensure public policies across encourage labor force participation of both sexes
- Design cost-effective, sustainable welfare systems

Post-dividend countries with shrinking proportions of 15-64 population & aging well underway

Adapting to aging

- Reform welfare systems for fiscal sustainability while ensuring social protection
- Raise labor force participation rates & productivity of everyone, at all ages
- Pursue policies that encourage fertility rebound, including measures to reconcile childcare & work

Some policies relevant regardless of demographic stage: reducing gender gaps in labor market



Note: Data from World Development Indicators

Leveraging greater globalization

- Many policy priorities focused on harnessing or addressing demographic change within country
- Scope for leveraging demographic differences between countries for own growth as well as positive development spillovers
 - Migration
 - Trade
 - Capital flows
- Channels are complementary
- Generally, migration more constrained than trade and capital flows

Thank You

Global Monitoring Report 2015/2015

www.worldbank.org/gmr

Questions or comments?

S. Amer Ahmed

sahmed20@worldbank.org