DEMOGRAPHIC CHANGE AND DEVELOPMENT

UNITED NATIONS EXPERT GROUP MEETING ON POLICY RESPONSES TO LOW FERTILITY
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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

<table>
<thead>
<tr>
<th>Growth of Working-age Population Share, 2015-30</th>
<th>Total Fertility Rate, 1985</th>
<th>Total Fertility Rate, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;2.1</td>
<td>&gt;=2.1</td>
</tr>
<tr>
<td>&lt;= 0</td>
<td>Post-dividend</td>
<td>Late-dividend</td>
</tr>
<tr>
<td>&gt;0</td>
<td>Early-dividend</td>
<td>Pre-dividend</td>
</tr>
</tbody>
</table>

*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
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

Aging already advanced or accelerated in the engines of global growth

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

Labor force participation rate 2010, percent

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?

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