

GLOBAL MONITORING REPORT 2015/2016

Development Goals in an Era of Demographic
Change

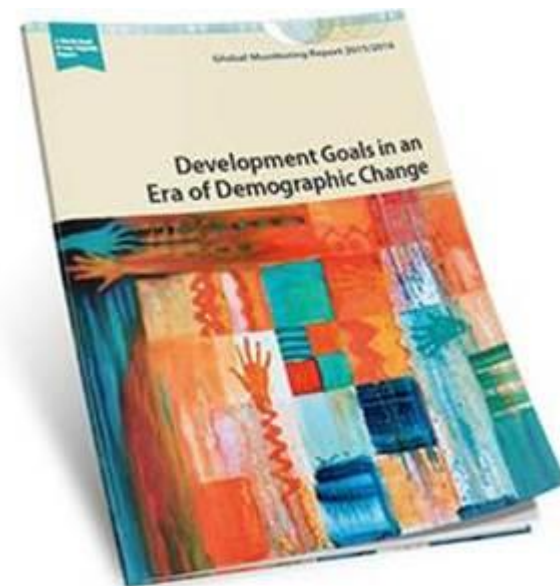


WORLD BANK GROUP

MARCIO CRUZ

DEVELOPMENT PROSPECTS GROUP

Global Monitoring Report 2015/2016



Implications of Demographic Change: Pathways to Prosperity

Rapid population growth is set to continue in the *poorest countries* over the coming decades.

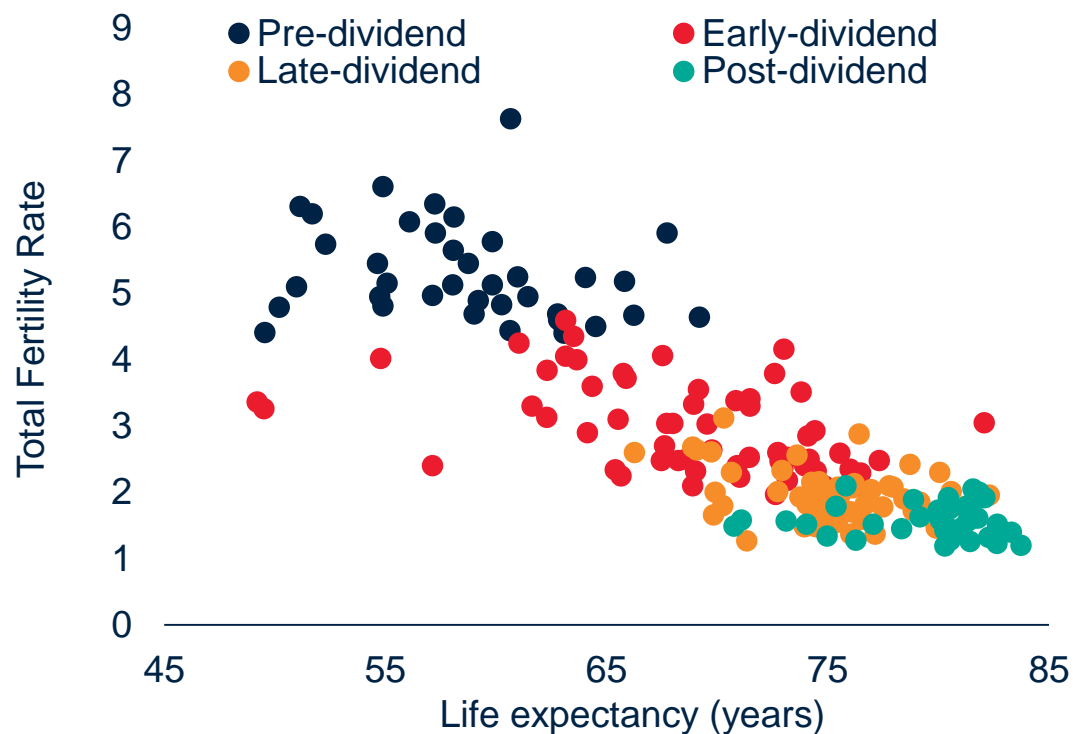
In contrast, countries with *low fertility rates*, including most *high-income countries*, have aging population structures.

Plan of talk

- A new demographic typology
- How demographics impact:
 - Economic growth
 - The achievement of development goals
 - The nature of public transfers

Demographic Patterns: Stark Diversity across Countries

Countries are at different stages of demographic transition



Defining a demographic typology

Criteria for the demographic typology:

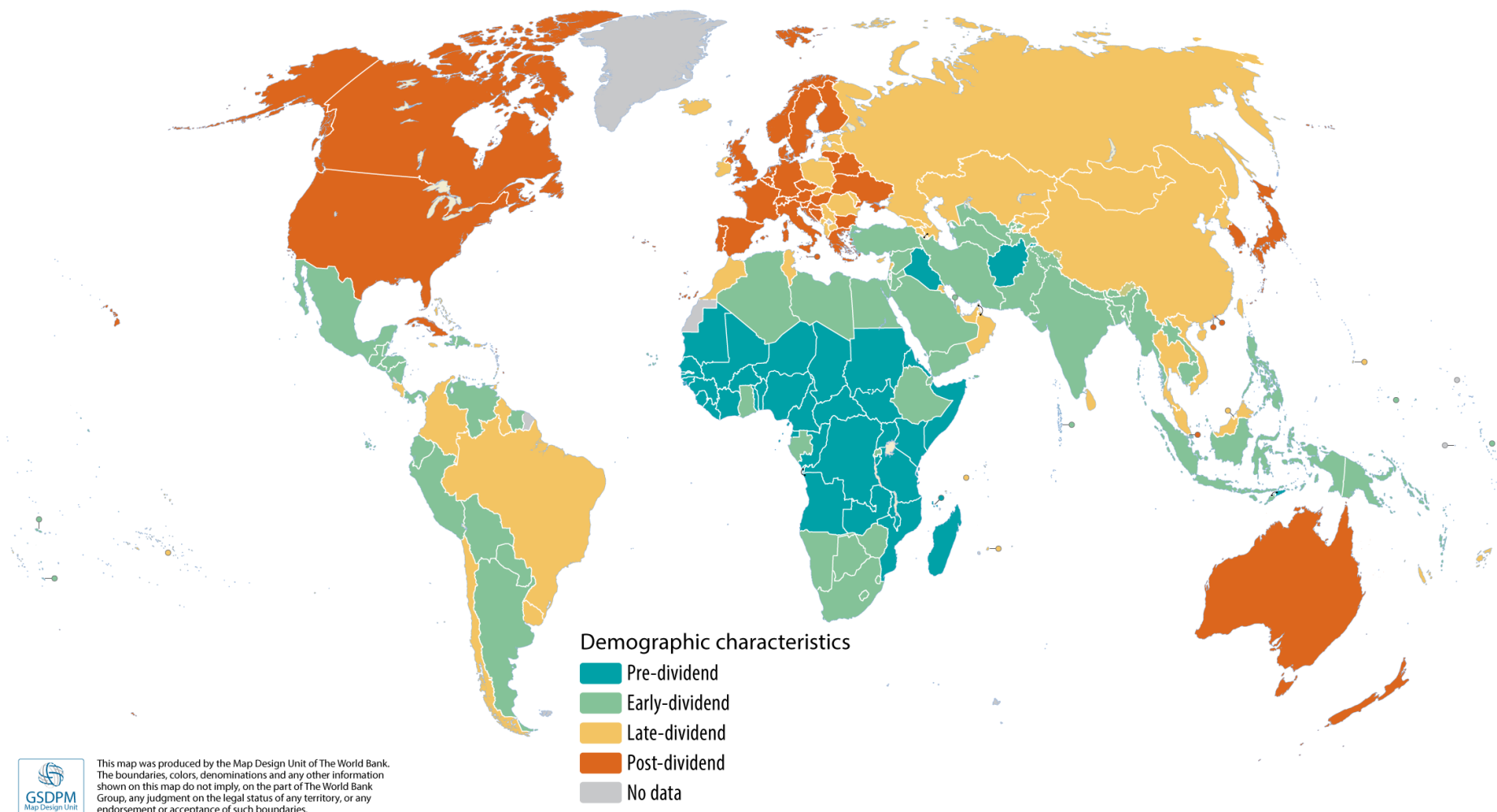
Growth of Working-age Population Share, 2015-30	Total Fertility Rate, 1985		Total Fertility Rate, 2015	
	< 2.1	≥ 2.1	< 4	≥ 4
≤ 0	Post-dividend	Late-dividend		
> 0			Early-dividend	Pre-dividend

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.

Demographic Patterns: Stark Diversity across Countries

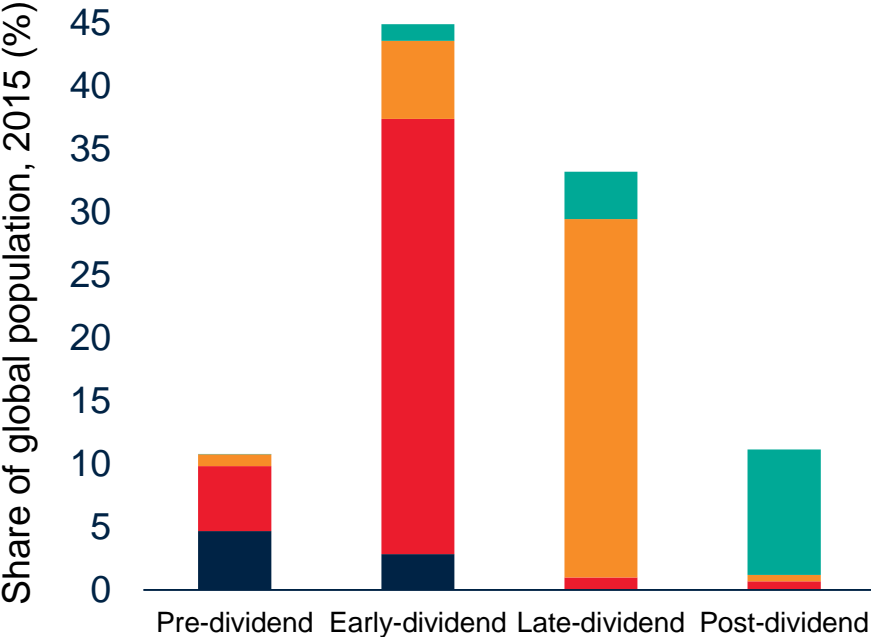
The world can be divided into pre-, early-, late- and post-dividend countries

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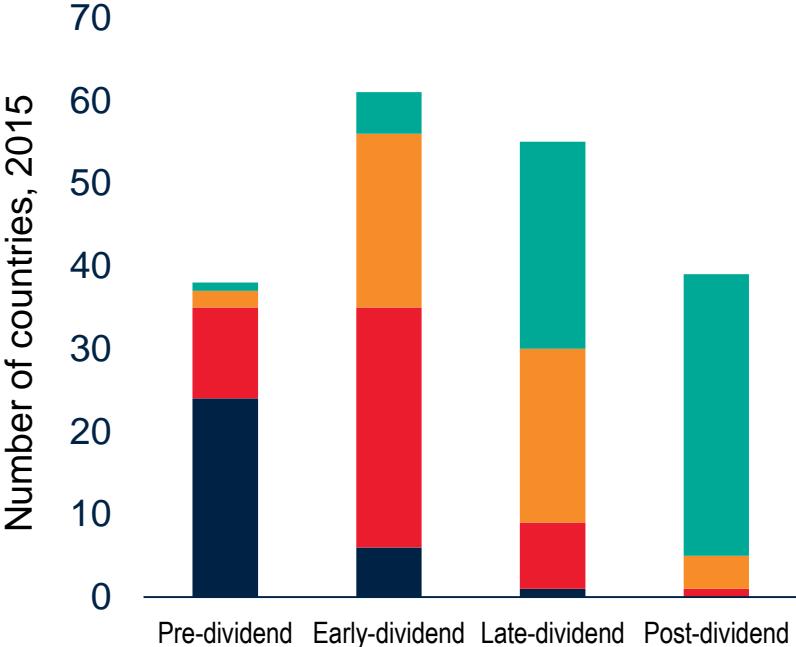
Most low-income countries are pre-dividend while most high-income countries are post-dividend

70 percent of the global population lives in early- and late-dividend countries



■ Low-income countries
■ Upper-middle-income countries

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

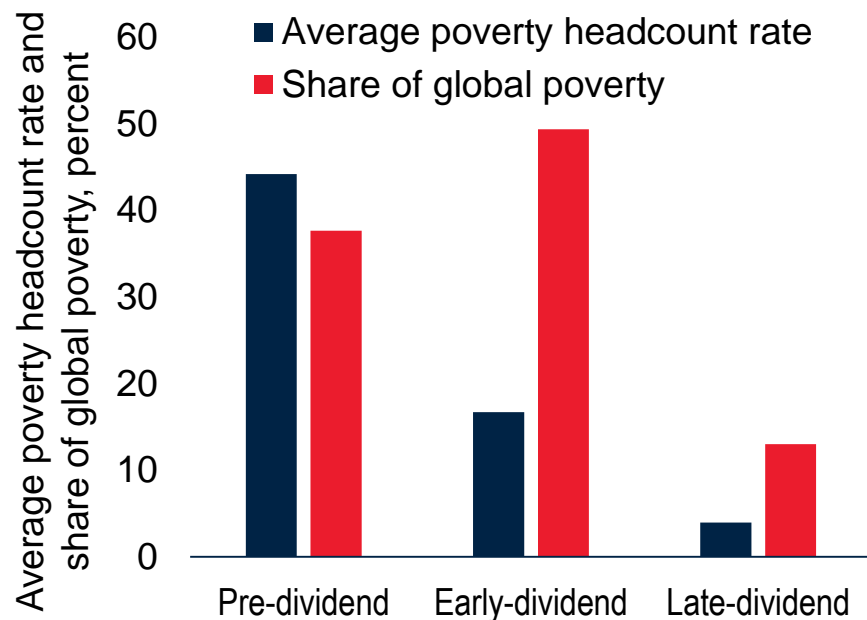


■ Lower-middle-income countries
■ High-income countries

Global development and demographic disparities

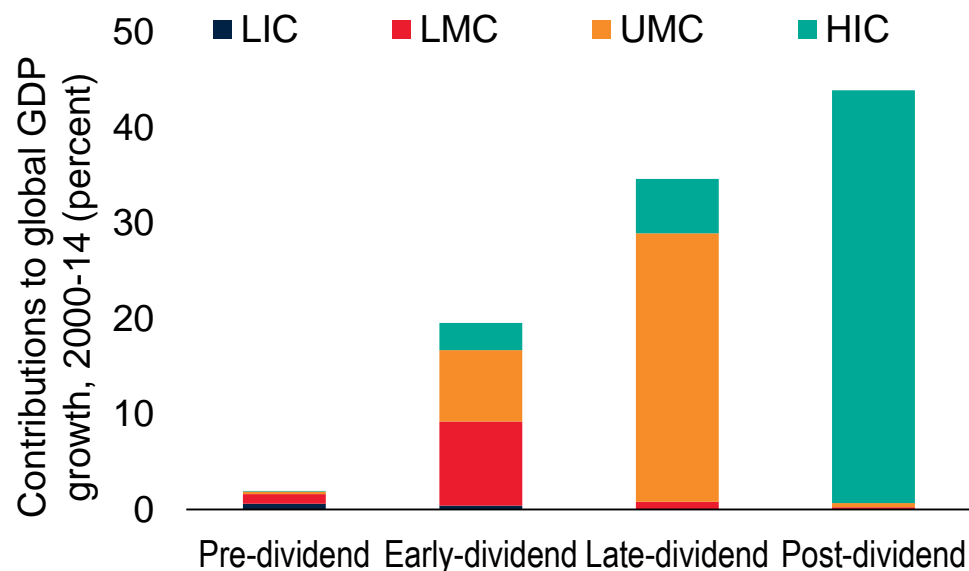
Centers of global poverty

87 percent of global poverty is in pre- and early-dividend countries



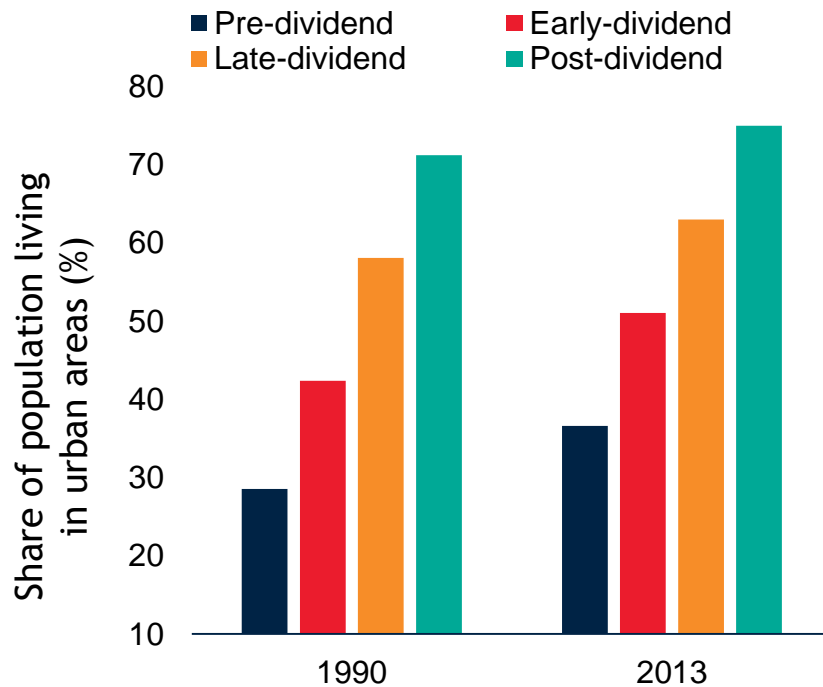
Engines of global growth

78 percent of global growth was from late- and post-dividend countries

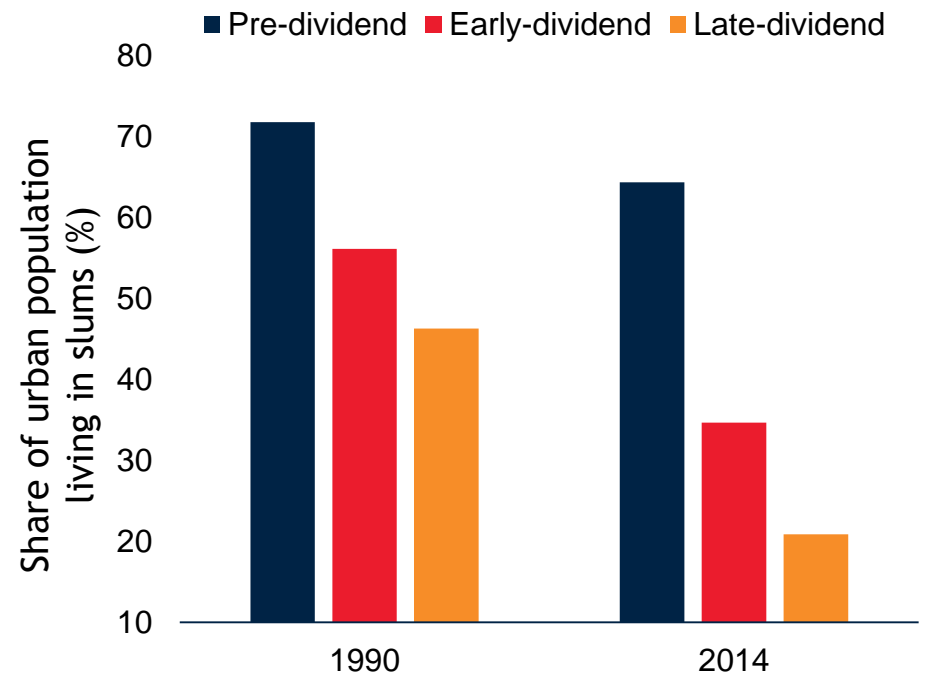


Demographic transition is associated with geographic distribution of population within countries

Early-dividend countries are urbanizing rapidly

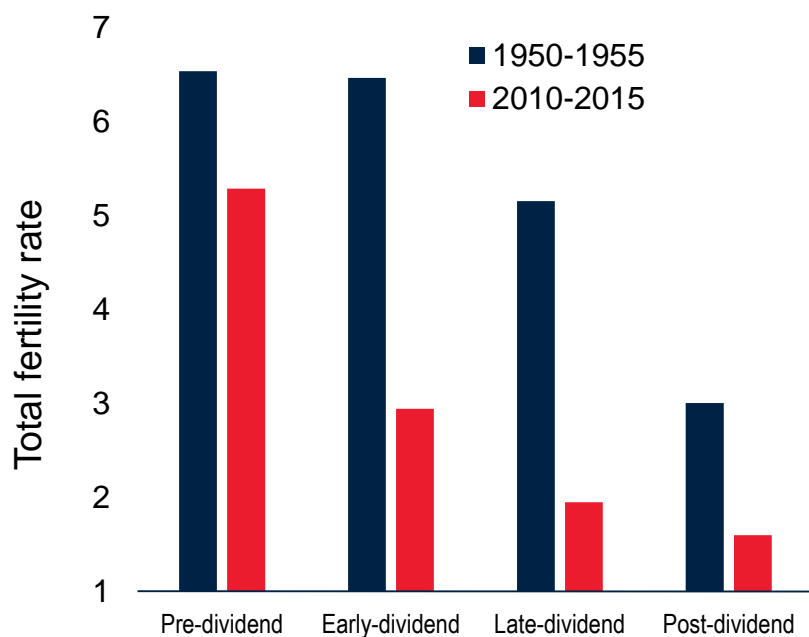


A large share of the population of early- and late-dividend countries still lives in slums

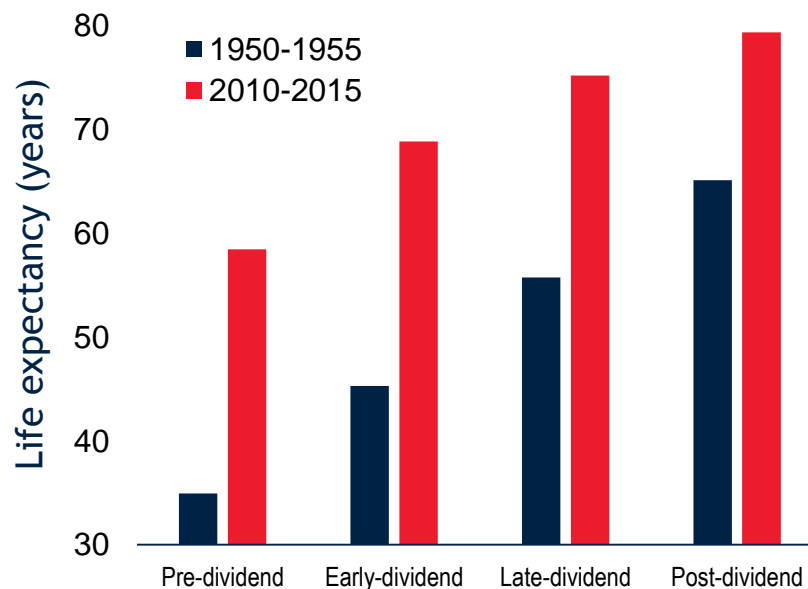


Fertility rates and life expectancy have converged

Fertility rates in late-dividend countries have converged to those of post-dividend countries since the 1950s



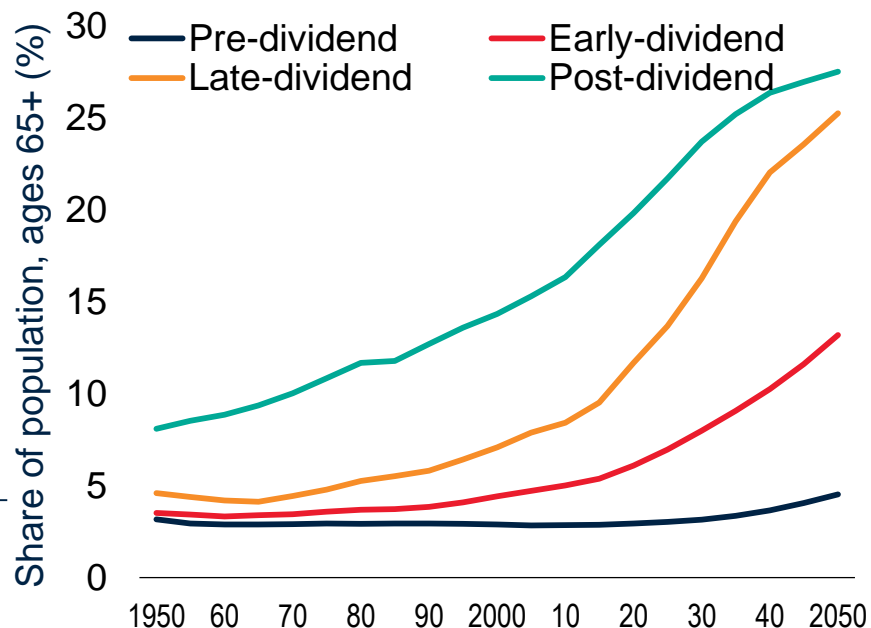
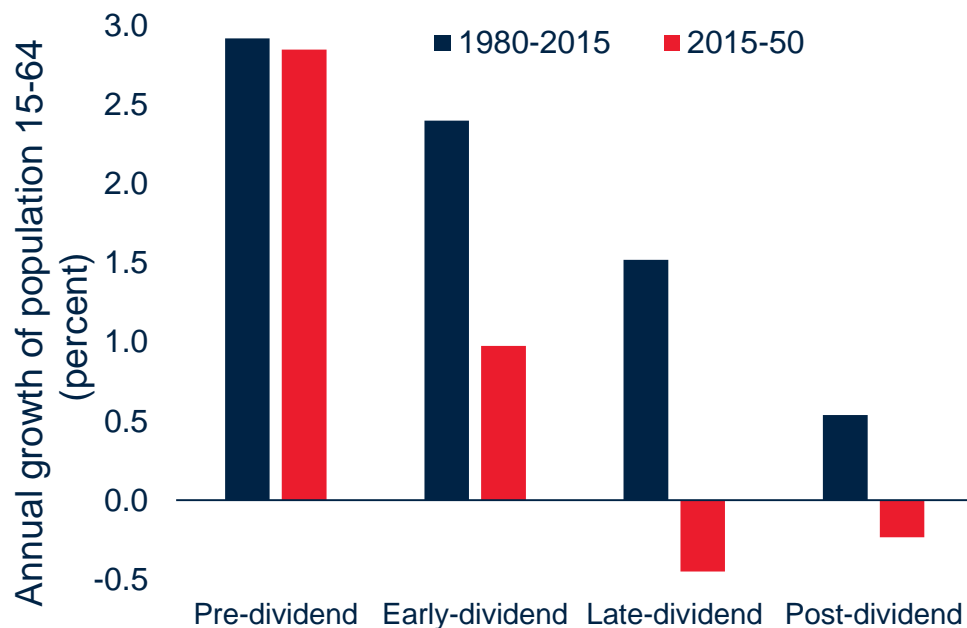
Differences in life expectancy across typologies of countries have narrowed



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



Demographic change can boost growth

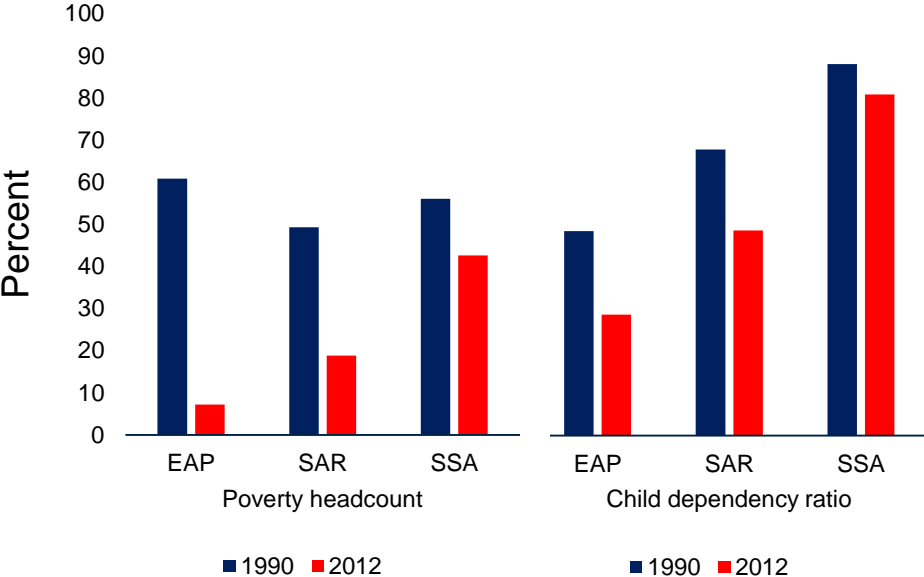
A rising working-age population share is positively correlated with GDP per capita growth



- An increase of 1 percentage point in the working-age population share is estimated to boost GDP per capita by 1.1 to 2.0 percentage points, on average.
- An increase of 1 percentage point in the share of working-age population is associated with an increase of 0.6 to 0.8 percentage point in savings.

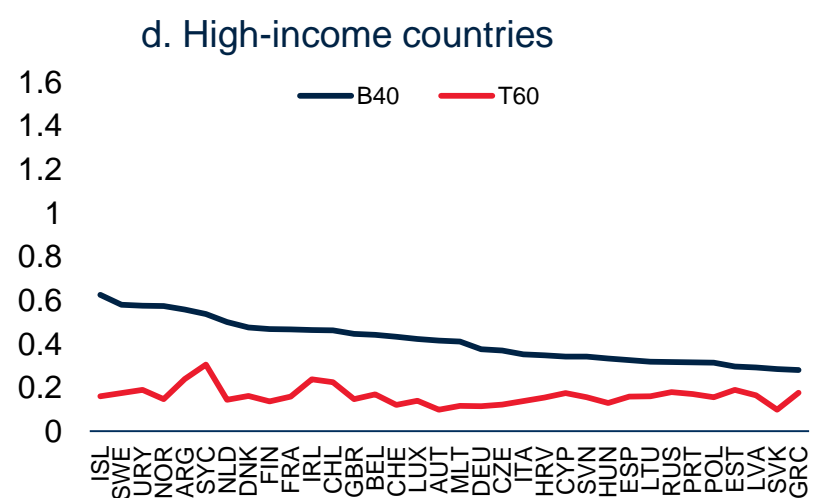
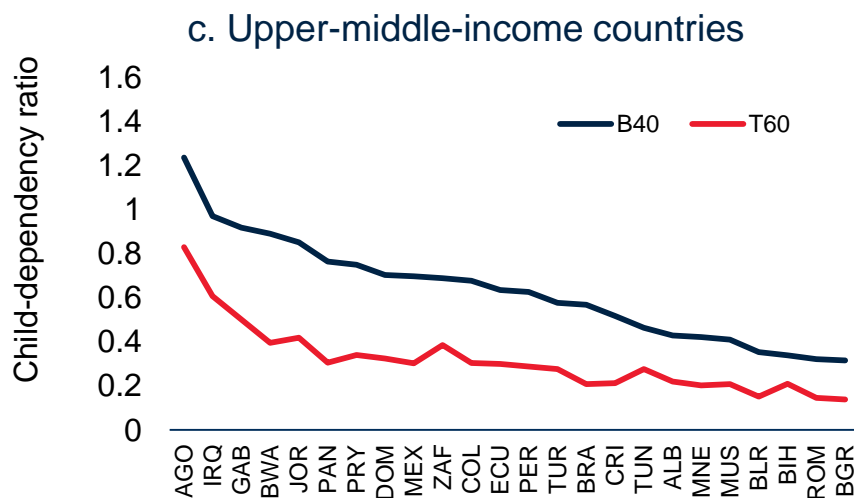
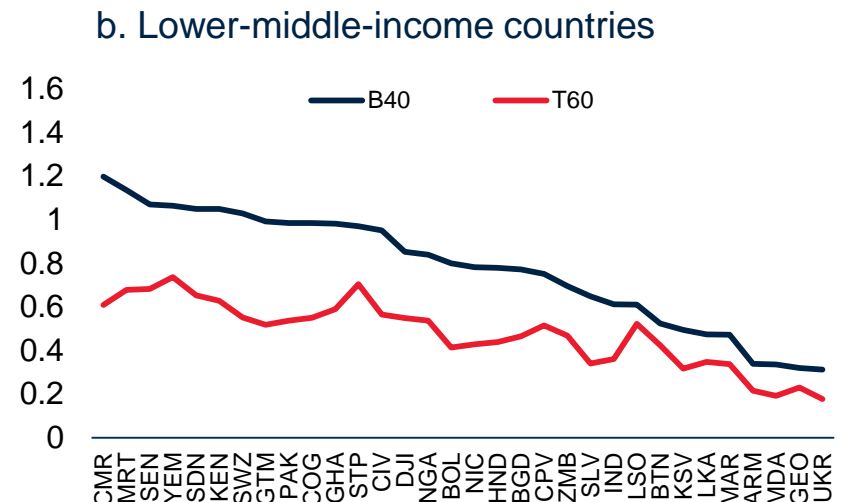
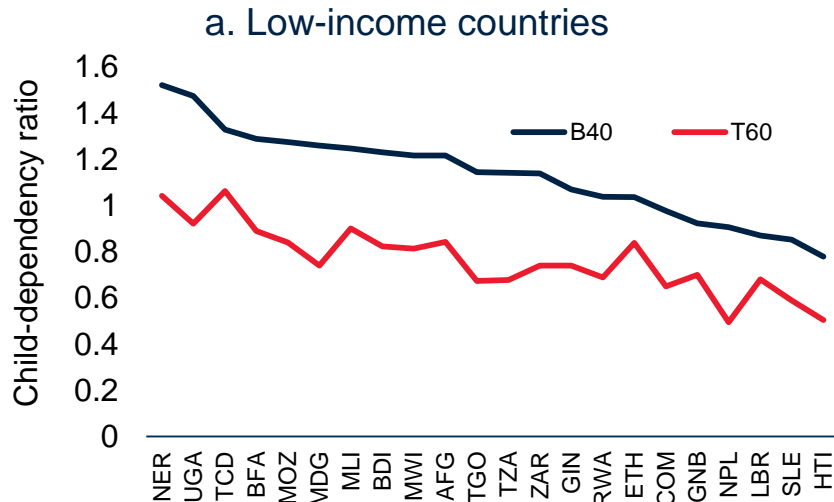
Changing demographics can step up development

Lower child-dependency ratios are associated with lower poverty rates

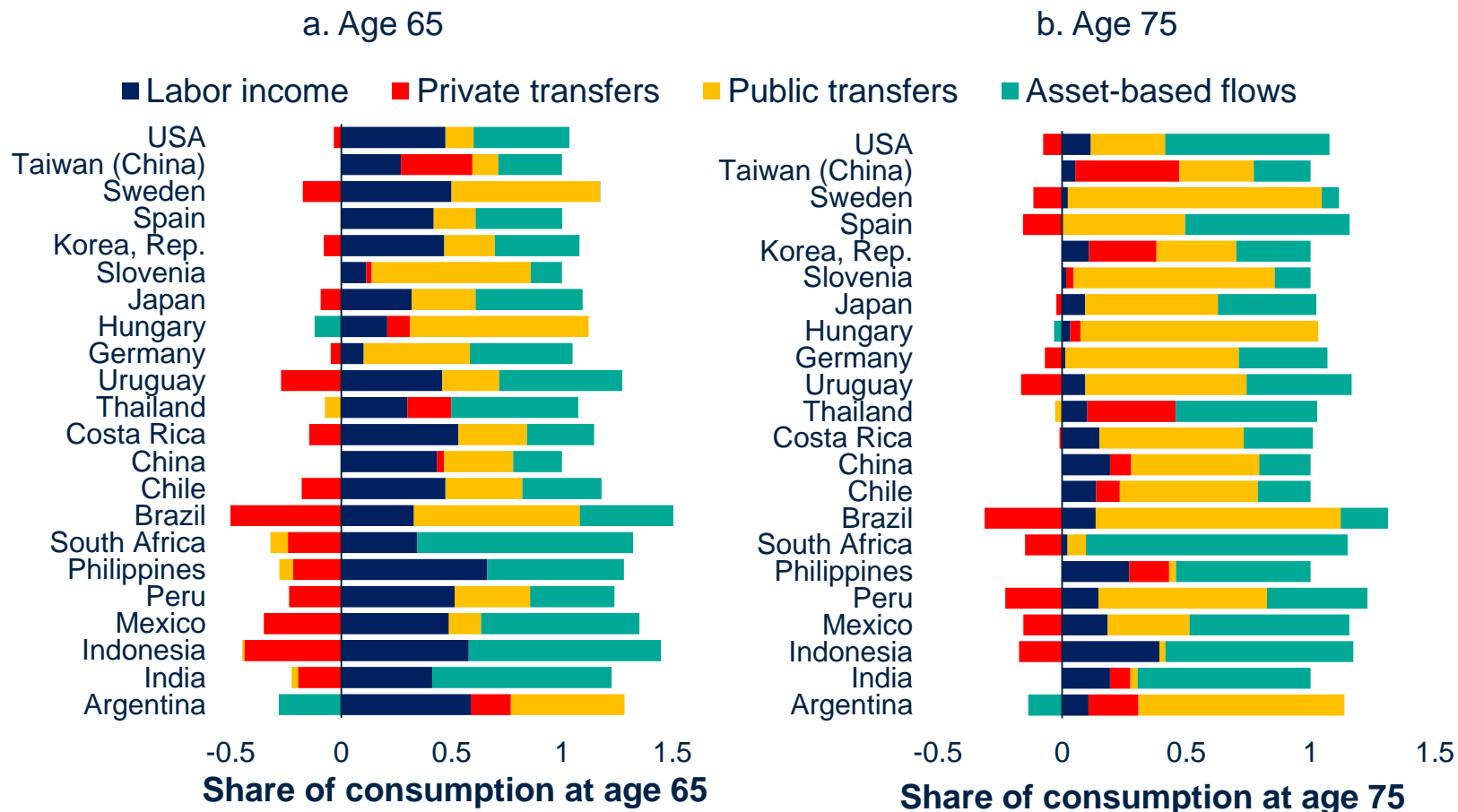


- A reduction of 1 percentage point in the child dependency ratio is associated with a reduction of 0.38 percentage point in the poverty rate.

T60 population tend to have lower child-dependency ratios than B40 population in countries in all income categories

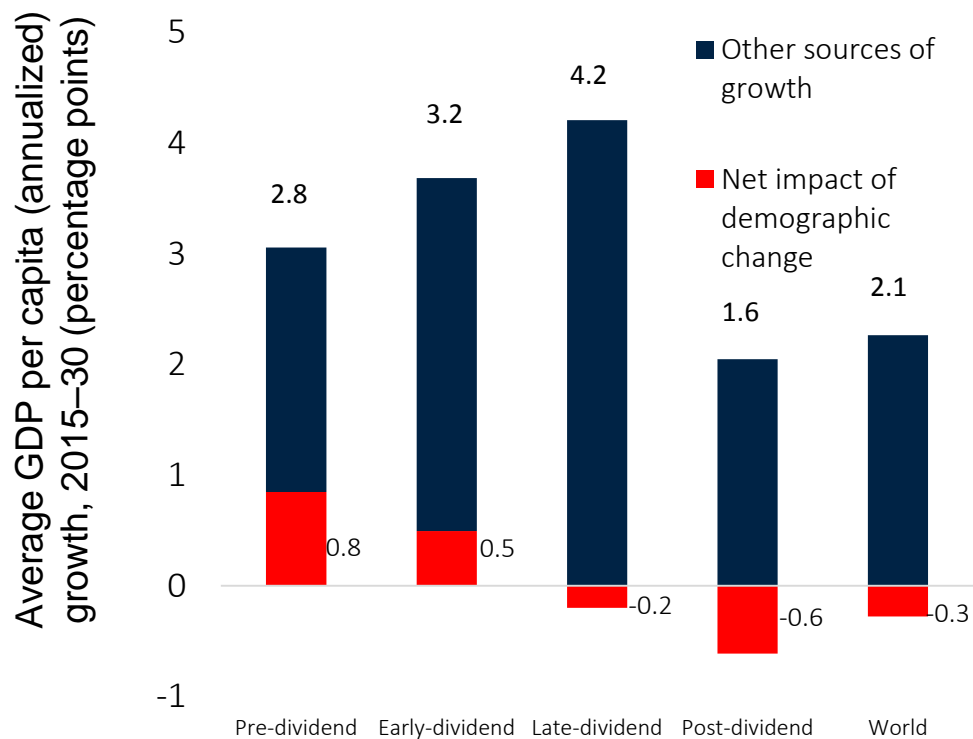


Labor income still supports substantial consumption for 65-year olds, while 75-year-olds rely mostly on public transfers or asset-based flows

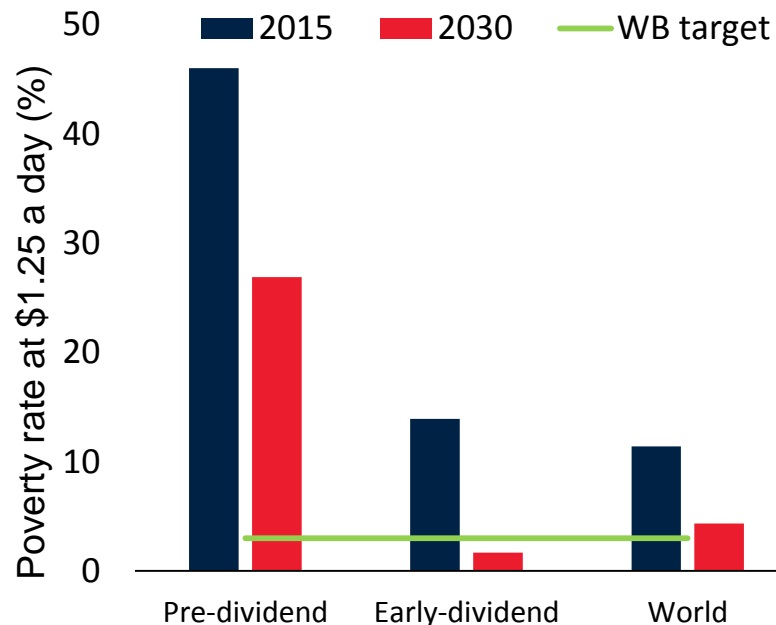


Making the most out of demographic change

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



Global poverty will likely be concentrated in Pre-dividend countries



Thank You

Global Monitoring Report 2015/2015

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Questions or comments?

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