GLOBAL MONITORING REPORT 2015/2016
Development Goals in an Era of Demographic Change

PART 1: Monitoring Global Development Progress

PART 2: Development in an Era of Demographic Change
PART 1: Monitoring Global Development Progress

- Development progress
- Key challenges
- Policy priorities
For the first time, the extreme poverty rate may have reached single digits. Yet, the number of poor remains unacceptably high.

Note: Based on the $1.90 poverty line and 2011 PPP.
* Forecast
While income poverty fell rapidly during the MDG-era, a large unfinished agenda remains for the SDGs with respect to non-income goals.

<table>
<thead>
<tr>
<th>Non-Income Dimensions</th>
<th>Number of countries (out of 145)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme income poverty</td>
<td>71</td>
</tr>
<tr>
<td>Prevalence of undernourishment</td>
<td>35</td>
</tr>
<tr>
<td>Primary school completion rate</td>
<td>40</td>
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<tr>
<td>Under five mortality rate</td>
<td>38</td>
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<tr>
<td>Infant mortality rate</td>
<td>6</td>
</tr>
<tr>
<td>Maternal mortality ratio</td>
<td>15</td>
</tr>
<tr>
<td>Improved water source access</td>
<td>67</td>
</tr>
<tr>
<td>Improved sanitation facilities access</td>
<td>36</td>
</tr>
</tbody>
</table>

Legend:
- **Target met**
- **Insufficient progress (2015-20)**
- **Sufficient progress (before 2015)**
- **Moderately off target (2020-30)**
- **Seriously off target (after 2030)**
- **Insufficient data**
Challenge #1: Depth of Remaining Poverty

With extreme poverty concentrating in Sub-Saharan Africa, more focus is needed on the poorest among the poor.

Note: Based on the $1.90 poverty line and 2011 PPP.
* Forecast
Challenge #2: Unevenness of Shared Prosperity

Prosperity needs to be better shared with the bottom 40 percent of the income distribution, especially in high-income countries.
Challenge #3: Disparities in Non-Income Dimensions

Widespread inequality of opportunity transmits poverty across generations and erodes the pace and sustainability of shared prosperity.

Share of students demonstrating basic competency in PISA math test, 2012

- Tunisia: Bottom 40% = 20, Top 20% = 60
- Indonesia: Bottom 40% = 10, Top 20% = 50
- Bulgaria: Bottom 40% = 40, Top 20% = 80
- Brazil: Bottom 40% = 15, Top 20% = 65
- Argentina: Bottom 40% = 15, Top 20% = 65

Legend:
- Bottom 40% of the population
- Top 20% of the population
With the outlook less buoyant at the start of the SDG period, policies to sustain broad-based economic growth will be key.
Policies: Invest in People, Insure against Risks

Sustainable progress requires investing in the human potential of the bottom 40 and protecting the poor and vulnerable against risks.

Note: Based on the $1.25 poverty line and 2005 PPP. Extreme poverty (<$1.25 a day), moderate poverty ($1.25-$4), vulnerability ($4-$10), middle-class and rich (>-$10).
PART 2: Development Goals in an Era of Demographic Change

- Patterns of demographic change
- Country-level policy implications
- Global policy implications
The global working-age share has peaked, the global population is growing much more slowly, and it is aging at record speed.
Patterns: Stark Diversity across Countries

Underneath global trends lies stark diversity, with countries facing different opportunities to capture demographic dividends.
Patterns: Stark Diversity across Countries (continued)

The world can be divided into pre-, early-, late- and post-dividend countries.
Country-Level Policies: Pre- and Early-Dividend Countries

Key priorities are to (1) facilitate demographic transition to slower population growth and (2) accelerate job creation to absorb the rising youth bulge.
Country-Level Policies: Late- and Post-Dividend Countries

Key priorities are to (1) sustain productivity growth and (2) adapt policies and institutions to rapid population aging.
Demographic fault lines separate centers of global poverty needing further development and engines of global growth facing rapid aging.
Along with trade and investment flows, migration offers a global opportunity to arbitrage demographic diversity across countries.

The report is available on:

www.worldbank.org/gmr

Thank you.
Disparities across Countries: Population Growth

Cumulative change in population, 2015-50
Policy Priorities for Centers of Global Poverty

Pre-dividend countries lagging in human development outcomes

- Sparking demographic transition
  - Improve maternal and child health
  - Expand education without letting girls fall behind
  - Empower women
  - Improve access to comprehensive family planning services

Early-dividend countries further along in demographic transition

- Accelerating job creation
  - Invest in human capital
  - Enhance labor market mobility
  - Reduce barriers to female labor force participation
  - Strengthen conditions conducive to savings & job creation
Policy Priorities for 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
Policies Relevant for Everywhere: Reducing Gender Gaps

Labor force participation rate 2010, percent

- Female
- Male
Country Spotlight: Ethiopia

Improving education, accelerating savings, and improving productivity can all help capture demographic dividends.

Annual growth rate of GDP per capita 2016-30, percent

- Baseline: 4.0
- Improved education: 4.1
- Higher savings: 4.5
- Higher total factor productivity: 4.7
- Combination: 5.3
Country Spotlight: Japan

Fertility rebound and migration could help sustain population growth and reduce dependency ratios in the long run.
Policies to Leverage Migration

**Promoting legal migration flows**
- Formulate clear policies
- Enforce minimum wage laws
- Provide adequate information to migrants on rights/obligations
- Facilitate contribution to and benefits from social protection/public services
- Sanction abusive firms

**Reducing burden of brain drain in sending countries**
- Develop comprehensive and targeted policies to retain and attract talent
- Encourage return migration
## Policies to Leverage Trade

<table>
<thead>
<tr>
<th>Support comparative advantage</th>
<th>Promote foreign provision of education</th>
<th>Health services exports to aging countries.</th>
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</thead>
<tbody>
<tr>
<td>• Streamline customs, border and transit performance</td>
<td>• Ease visa requirements students/academics</td>
<td>• Address restrictions on</td>
</tr>
<tr>
<td>• Improve logistics and transport services</td>
<td>• Address qualification recognition issues</td>
<td>a) physical presence of foreign suppliers;</td>
</tr>
<tr>
<td>• Extend physical infrastructure</td>
<td>• Reduce limits on foreign ownership</td>
<td>b) foreign equity ceilings; and</td>
</tr>
<tr>
<td>• Tackle tariff and nontariff barriers on goods trade</td>
<td>• Transparent education regulations</td>
<td>c) barriers on cross-border movement of health care professionals.</td>
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</tbody>
</table>
Policies to Leverage Capital Flows

<table>
<thead>
<tr>
<th>Attract capital to younger countries</th>
<th>Reduce challenges from capital flow volatility</th>
<th>Support investment in younger countries</th>
</tr>
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<tbody>
<tr>
<td>• Create favorable investment climate;</td>
<td>• Introduce macroeconomic policies to address risks from volatile capital inflows:</td>
<td>• Provide investment guarantees or technical assistance.</td>
</tr>
<tr>
<td>• Strengthen macroeconomic stability, financial sector, and governance</td>
<td>• Supervision</td>
<td></td>
</tr>
<tr>
<td>• Relax investment barriers at the domestic, regional, and global level</td>
<td>• Regulation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strong institutions</td>
<td></td>
</tr>
</tbody>
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- • Provide investment guarantees or technical assistance.